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**STATE OF NEW HAMPSHIRE**  
**PUBLIC UTILITIES COMMISSION**

**January 27, 2021 - 11:18 a.m.**

*[Remote Hearing conducted via Webex]*

**RE: DW 20-156**  
**PENNICHUCK EAST UTILITY, Inc.:**  
**Request for Change in Rates.**  
***(Prehearing conference)***

**PRESENT:** Chairwoman Dianne H. Martin, Presiding  
Commissioner Kathryn M. Bailey

Doreen Borden, Clerk  
Corrine Lemay, PUC Remote Hearing Host

**APPEARANCES:** **Reptg. Pennichuck East Utility, Inc.:**  
Marcia A. Brown, Esq. *(NH Brown Law)*  
John S. Clifford, Esq. *(Clifford Law)*

**Reptg. the Towns of Londonderry,**  
**Litchfield, Pelham, and Hooksett, NH:**  
Christopher Cole, Esq. *(Sheehan Phinney)*

**Reptg. 21 Homeowners in the Farmstead**  
**District as well as pro se:**  
Andrew D. Myers, Esq. *(Andrew D. Myers)*

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

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

Richard Lascelles, *pro se*

Richard Husband, *pro se*

Nicole Fordey, *pro se*

Ralph G. Boehm, *pro se*

Mark Vandendyke, *pro se*

Christopher E. Burns, *pro se*

Marc Cloutier, *pro se*

**Reptg. Residential Ratepayers:**

D. Maurice Kreis, Esq., Consumer Adv.  
Office of Consumer Advocate

**Reptg. PUC Staff:**

Lynn Fabrizio, Esq.  
Jayson Laflamme, Asst. Dir./Gas & Water  
David Goyette, Gas & Water Division  
Douglas Brogan, Engineering Consultant

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**I N D E X**

**PAGE NO.**

**STATEMENTS RE: MOTIONS TO INTERVENE BY:**

Ms. Brown	13, 26,	29, 31
Mr. Husband		21, 26
Chairwoman Martin		25, 27
Mr. Kreis		26
Mr. Boehm		27
Mr. Cole		29

**QUESTIONS BY:**

Chairwoman Martin	20
Commissioner Bailey	28

\* \* \*

**STATEMENTS OF PRELIMINARY POSITION BY:**

Ms. Brown	32
Mr. Cole	51
Mr. Lascelles	54
Mr. Husband	56
Ms. Fordey	59
Mr. Boehm	60
Mr. Vandendyke	62
Mr. Myers	63, 78
Mr. Burns	68
Mr. Kreis	69
Ms. Fabrizio	76

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

1  
2 CHAIRWOMAN MARTIN: Okay. We're here  
3 this morning in Docket DW 20-156 for a prehearing  
4 conference regarding the Pennichuck East Utility,  
5 Incorporated's Request for a Change in Rates.

6 I have to make the necessary findings,  
7 because this is a remote hearing.

8 As Chairwoman of the Public Utilities  
9 Commission, I find that due to the State of  
10 Emergency declared by the Governor as a result of  
11 the COVID-19 pandemic, and in accordance with the  
12 Governor's Emergency Order Number 12, pursuant to  
13 Executive Order 2020-04, this public body is  
14 authorized to meet electronically. Please note  
15 that there is no physical location to observe and  
16 listen contemporaneously to this hearing, which  
17 was authorized pursuant to the Governor's  
18 Emergency Order.

19 However, in accordance with the  
20 Emergency Order, I am confirming that we are  
21 utilizing Webex for this electronic hearing. All  
22 members of the Commission have the ability to  
23 communicate contemporaneously during this  
24 hearing, and the Public Service has access to

1           contemporaneously listen and, if necessary,  
2           participate.

3           We previously gave notice to the public  
4           of the necessary information for accessing this  
5           hearing in the Order of Notice dated 12/17/20 and  
6           the secretarial letter with the remote hearing  
7           guidelines dated 12/18/20.

8           If anybody has a problem during this  
9           hearing, please call (603) 271-2431. In the  
10          event the public is unable to access the hearing,  
11          the hearing will be adjourned and rescheduled.

12          Okay. We have to take a roll call  
13          attendance, because this is a remote hearing.

14          My name is Dianne Martin. I am the  
15          Chairwoman of the Public Utilities Commission.  
16          And I am alone.

17          Commissioner Bailey.

18          CMSR. BAILEY: Good morning, everyone.  
19          I'm Kathryn Bailey, Commissioner at the Public  
20          Utilities Commission. And I am alone.

21          CHAIRWOMAN MARTIN: Okay. Let's take  
22          appearances, starting with the already known  
23          parties, and then I'd like to hear from those who  
24          have filed petitions to intervene as well.

1           Let's start with you, Attorney Brown.  
2           You're on mute.

3           MS. BROWN: Sorry. Thank you. Good  
4 morning, Chairwoman Martin and Commissioner  
5 Bailey.

6           My name is Marcia Brown. And I am with  
7 New Hampshire -- NH Brown Law, and I'm  
8 representing Pennichuck East Utility today. And  
9 with me is Larry Goodhue, who is Pennichuck East  
10 Utility's Chief Executive Officer and Chief  
11 Financial Officer; also is Don Ware, Chief  
12 Operating Officer; Carol Ann Howe, who is the  
13 Assistant Treasurer and Director of Regulatory  
14 Affairs and Business Services; Jay Kerrigan,  
15 Regulatory and Treasury Financial Analyst; George  
16 Torres, who is the Corporate Controller,  
17 Treasurer, and Chief Accounting Officer; and,  
18 lastly, on our Pennichuck team is Chris Countie,  
19 who is the Director of Water Supply and Community  
20 Systems.

21           Thank you.

22           CHAIRWOMAN MARTIN: Okay. And Mr.  
23 Kreis.

24           MR. KREIS: Good morning, everybody. I

1 am Donald Kreis, the Consumer Advocate. And  
2 pursuant to RSA 363:28, it is my job to represent  
3 the interests of residential utility customers in  
4 this proceeding.

5 CHAIRWOMAN MARTIN: All right. Thank  
6 you. Ms. Fabrizio.

7 MS. FABRIZIO: Thank you. Good  
8 morning, Madam Chair. I'm Lynn Fabrizio, Staff  
9 Attorney, here on behalf of Commission Staff.  
10 And with me to participate in today's prehearing  
11 conference is Jayson Laflamme, Assistant Director  
12 of the Commission's Gas and Water Division; and  
13 in the wings for today's technical session are  
14 David Goyette, Utility Analyst with the Gas &  
15 Water Division; and Doug Brogan, consultant for  
16 Staff in this proceeding.

17 Thank you.

18 CHAIRWOMAN MARTIN: Okay. And we have  
19 a number of petitions to intervene. So, I'm just  
20 going to go through the list. If you could just  
21 state who you are --

22 Oh. Go ahead, Ms. Brown.

23 MS. BROWN: Chairwoman Martin, my  
24 apologies for interrupting, but I forget to

1 introduce that John Clifford, who is also counsel  
2 on this case, is present. My apologies, and  
3 thank you.

4 CHAIRWOMAN MARTIN: Thank you for  
5 pointing that out.

6 Okay. So, why don't we start with, do  
7 we have Mr. Ramsdell or Mr. Cole present?

8 MR. COLE: Yes, Madam Chairman. Chris  
9 Cole, from Sheehan, Phinney, Bass & Green, on  
10 behalf of the four municipal intervenors.

11 Thank you.

12 CHAIRWOMAN MARTIN: Okay. Thank you.

13 Mr. Lascelles or "Lascelles"? Just  
14 correct me if I say your name wrong.

15 MR. LASCELLES: It's "Lascelles". My  
16 name is Rich Lascelles. I am representing  
17 myself. Although I'm a resident of Litchfield  
18 and a Pennichuck customer, I am also a selectman  
19 in the Town of Litchfield, and also a state rep.  
20 representing Litchfield.

21 CHAIRWOMAN MARTIN: Okay. Thank you.  
22 And Mr. Husband. You're on mute, Mr. Husband.  
23 Happens to all of us.

24 MR. HUSBAND: Thank you very much. I'm



1           sorry about that. Good morning, Chairwoman  
2           Martin and Commissioner Bailey, and everyone else  
3           here.

4                     My name is Richard Husband. I am in  
5           this matter *pro se*. I'm a resident of Litchfield  
6           and a Pennichuck East customer. I filed a  
7           petition to intervene.

8                     CHAIRWOMAN MARTIN: Okay. Thank you.  
9           And Ms. Fordey? Am I saying that right?

10                    MS. FORDEY: Yes. Thank you. Good  
11           morning, everyone.

12                    My name is Nikki Fordey. I am a  
13           resident of Litchfield. I am a Pennichuck East  
14           customer. I also serve as the Vice Chair of the  
15           Litchfield Budget Committee. And I believe I  
16           filed a petition to intervene, that I would be  
17           directly personally affected by any rate  
18           increase, as well as the Town budget would be  
19           affected in a couple different ways.

20                    Thank you.

21                    CHAIRWOMAN MARTIN: Okay. Thank you.  
22           And Mr. Boehm? Do I have that right? "Baim" or  
23           "Boehm"?

24                    MR. BOEHM: "Boehm". Thank you.

1 I'm a state rep. from Litchfield. I am  
2 a customer. And I remember going up to the PUC  
3 about a year ago complaining about this. And,  
4 anyway, that's why I'm here.

5 CHAIRWOMAN MARTIN: Okay. Thank you.  
6 And Mr. Vandendyke.

7 MR. VANDENDYKE: Hi. My name is Mark  
8 Vandendyke. I'm a customer and a resident of  
9 Litchfield, filed to be an intervenor.

10 Thank you.

11 CHAIRWOMAN MARTIN: Okay. Thank you.  
12 Mr. Corcoran?

13 *[No verbal response.]*

14 MS. FABRIZIO: Madam Chair, we did not  
15 hear from Mr. Corcoran this morning.

16 CHAIRWOMAN MARTIN: Okay. Thank you.  
17 All right. Mr. Burns?

18 MR. BURNS: Good morning. I'm Chris  
19 Burns. I'm a resident of Litchfield. And I'm a  
20 Pennichuck East customer, and filed as an  
21 intervenor.

22 CHAIRWOMAN MARTIN: Mr. Patnaude, were  
23 you able to get that?

24 MR. PATNAUDE: Pretty much. It's the

1 first moving one I've done, I think.

2 CHAIRWOMAN MARTIN: Okay. All right  
3 then. Thank you, Mr. Burns.

4 Mr. Myers?

5 MR. MYERS: Yes. Good morning,  
6 Commissioner. Attorney Andrew Myers. I am in  
7 Derry. I'm a residential customer of Pennichuck,  
8 and I also represent 21 other Pennichuck  
9 customers in what they call the "Farmstead  
10 Division".

11 CHAIRWOMAN MARTIN: Are you  
12 representing them as counsel to them in their  
13 individual capacities as customers?

14 MR. MYERS: Yes, I am, Commissioner.

15 CHAIRWOMAN MARTIN: Okay. Thank you.  
16 And Mr. Boutilier?

17 *[No verbal response.]*

18 MS. FABRIZIO: He is another intervenor  
19 we did not hear from this morning.

20 CHAIRWOMAN MARTIN: Okay. And, lastly,  
21 I have Mr. Cloutier?

22 MR. CLOUTIER: Yes, Chairwoman. Marc  
23 Cloutier. I'm a long-term resident of  
24 Litchfield, New Hampshire, representing myself

1 and my family.

2 Thank you for having me.

3 CHAIRWOMAN MARTIN: Okay. Thank you.

4 Is there anyone else present who I have  
5 not mentioned?

6 *[No indication given.]*

7 CHAIRWOMAN MARTIN: All right. So, I  
8 did want to let folks know that we plan to take  
9 public comments from anyone else who is a member  
10 of the public but hasn't filed to intervene, and  
11 that we'll do that after we hear initial  
12 positions. I don't know if we have anybody from  
13 the public. But, when we get to that point, I  
14 will ask.

15 Also, as I mentioned before, we have a  
16 number of pending motions to intervene. We have  
17 not received any written objections.

18 Are there any objections to be made  
19 today?

20 MS. BROWN: The Company has an oral  
21 objection.

22 CHAIRWOMAN MARTIN: Okay. Anyone else  
23 need to be heard?

24 *[No verbal response.]*

1 CHAIRWOMAN MARTIN: All right.

2 Attorney Brown, go ahead.

3 MS. BROWN: Before I delve into the  
4 objection, I just wanted to note that, as far as  
5 Attorney Myers, and representing the 21  
6 customers, from our read of the petition and the  
7 signatures, it looks like he has the requisite  
8 authority. And, so, we do not oppose the  
9 Commission admitting Mr. Myers as an intervenor  
10 as a matter of right, on behalf of himself and  
11 the group.

12 With respect to the Towns of  
13 Londonderry, Litchfield, and Pelham and Hooksett,  
14 they look to, and they are all customers of  
15 Pennichuck East utility, and therefore qualify as  
16 a matter of right for intervention.

17 However, we would note that, on Page 3  
18 of the petition, they also intervened on behalf  
19 of the citizens of the town, which creates  
20 somewhat of a duplicate representation, and that  
21 affects the number of Litchfield customers who  
22 have intervened. And clarifying this  
23 representation is important, because the Company  
24 will need to know, as we proceed in this

1 proceeding, who is negotiating on whose behalf,  
2 and who needs to be contacted for assent.

3 So, I'm not trying to bog our  
4 proceeding down today, but I would note that the  
5 Commission has authority to grant these  
6 individual Litchfield customers' intervention  
7 permissibly, and also has the authority, under  
8 RSA 541-A:32, III, to order parties to  
9 coordinate. And we would respectively suggest  
10 that that avenue would be the best way to allow  
11 these interventions.

12 Because, as the Commission knows, when  
13 there are groups of intervenors who have common  
14 interests, that it is exceedingly helpful to have  
15 intervenors coordinate. And we would request  
16 that the Commission consider ordering the  
17 Litchfield intervenors and the Town to  
18 coordinate.

19 And we ask that, because the Company  
20 has already been attending joint meetings with  
21 the Town and individual Litchfield customers to  
22 address water quality issues. So, we believe  
23 that there is a mechanism in place, outside of  
24 this Commission, for having a coordination of

1 communication.

2 Now, the Town and Litchfield customers  
3 may want to respond, but that is our suggestion.

4 For those who did not appear today, the  
5 Company does not object to permissibly approving  
6 their intervention, so long, as is customary  
7 before this Commission, that when they are in  
8 attendance, they are going take the proceeding as  
9 is. And I suspect that we will be developing a  
10 proposed procedural schedule in the tech session  
11 today for Commission approval. And, if they are  
12 late to this proceeding, that they would just  
13 adhere to that procedural schedule, once it's  
14 approved.

15 Now, I would like to return to the  
16 objection, and that pertains specifically to Mr.  
17 Husband's intervention petition. And, within  
18 that petition, there are a number of issues that  
19 are outside of the noticed scope of this  
20 proceeding, and also are beyond what we believe  
21 are the Commission's jurisdiction over these  
22 issues. This proceeding has been noticed for  
23 multiple issues, which include whether the  
24 proposed ratemaking modifications are consistent

1 with the Company's last rate case; what standards  
2 would be applied to the proposed modifications;  
3 the prudence of relevant capital investments;  
4 whether the proposed rates are just and  
5 reasonable, including all ratemaking  
6 subcomponents; the accuracy of the rate petition  
7 schedules; and the justness and reasonableness of  
8 the proposed modification to the ratemaking  
9 methodology.

10 Intervenor Husband, and some of the  
11 form letters filed as comments, raise issues that  
12 are not before this Commission. They have not  
13 been noticed, and they are not within the  
14 jurisdiction. And, in particular, I will note  
15 that Mr. Husband raised concerns about wells  
16 being owned by the Town of Hudson from which the  
17 Company obtains water. He argues that these  
18 wells are being overdrawn, and to support his  
19 position he's included supporting documents from  
20 2003 and 2009. Mr. Husband also raises public  
21 trust doctrine arguments, in our case that the  
22 Town of Litchfield may be owed compensation.  
23 Importantly, he is requesting that the Commission  
24 order that withdrawals from these wells be



1           restricted.

2                         These issues are not noticed in this  
3 proceeding, nor are they within the Commission's  
4 jurisdiction. And so, that's why we are  
5 objecting.

6                         The Commission cannot order that  
7 withdrawals from wells be restricted. That is  
8 the jurisdiction of the Department of  
9 Environmental Services, not this Commission. It  
10 is the Department of Environmental Services that  
11 holds jurisdiction over wells and the groundwater  
12 withdrawal permits. As such, these issues are  
13 not part of this rate proceeding, and the  
14 Commission -- and the Company, rather, objects to  
15 these issues being raised in this rate  
16 proceeding.

17                         There was a second issue that Mr.  
18 Husband and many of the comments raise, and that  
19 is the issue of Saint-Gobain paying for customer  
20 water, paying for debt service, and paying for  
21 property taxes on the assets that were funded by  
22 Saint-Gobain during this contamination response.

23                         The Company respectfully states that  
24 the issue of how a Potentially Responsible Party,

1 under CERCLA and the equivalent state statute, is  
2 an issue within the jurisdiction of DES. And, as  
3 such, it is an issue to be considered and pursued  
4 between the impacted customers, Department of  
5 Environmental Services, and the PRP.

6 There has been a settlement over the  
7 state's claims with respect to Saint-Gobain's  
8 contamination. The settlement resulted in a  
9 Consent Decree that required Saint-Gobain to,  
10 among other things, provide alternate drinking  
11 water to affected properties. As part of that,  
12 Saint-Gobain paid over \$4.2 million in water  
13 mains and services, which is now on the Company's  
14 books as CIAC. Saint-Gobain paid for customer  
15 service lines from the curb stop to the  
16 residents, which now the customers own.  
17 Saint-Gobain also paid for other infrastructure  
18 that the towns and the State now own.

19 In November, in a certified letter to  
20 customers, the Department of Environmental  
21 Services addressed the scope of Saint-Gobain's  
22 responsibility. And, in that letter, it says "As  
23 you may know, the full cost of connecting to  
24 water main and either decommissioning your well

1 or connecting your well to an outside faucet or  
2 irrigation system is being paid for by  
3 Saint-Gobain. However, once the service  
4 contractor's contracts are completed, the  
5 Department of Environmental Services will  
6 consider Saint-Gobain's obligation to provide  
7 alternate water to affected properties to have  
8 been satisfied."

9 So, this is the extent the Department  
10 of Environmental Services is having Saint-Gobain  
11 pay for customers' water. Now, there was a bill  
12 in the Legislature, which is House Bill 135,  
13 which Intervenors Boehm and Lascelles have  
14 sponsored, to have PRPs pay for water for five  
15 years or until the property is sold. But, you  
16 know, while these efforts are underway to change  
17 the policy as to what PRPs pay, the bill still  
18 keeps that jurisdiction with the Department of  
19 Environmental Services. It does not have it rest  
20 with the Public Utilities Commission.

21 So, because the Commission does not  
22 have jurisdiction over compensation for  
23 contamination of the State's groundwater, the  
24 Company does not see how the issues of

1 Saint-Gobain paying for customer water, debt  
2 service, and property taxes are within the scope  
3 of the proceeding.

4 So, with that, the Company does not  
5 object to the intervenors, so long as their  
6 participation is within the properly noticed  
7 scope of this proceeding and is within the  
8 Commission's jurisdiction. And the Company hopes  
9 that the Commission will order compliance with  
10 the noticed scope, if it grants those petitions.

11 Thank you very much.

12 CHAIRWOMAN MARTIN: I just want to make  
13 sure I'm understanding your position correctly.  
14 Your sole objection to the existing or pending  
15 petitions to intervene is specifically to Mr.  
16 Husband's petition. The others you had requests  
17 related to, but you did not object. Is that  
18 right?

19 MS. BROWN: That is correct. We  
20 haven't heard their positions. But, if they  
21 stray outside of the issues, as Mr. Husband has,  
22 and, you know, I don't know if Intervenor Boehm  
23 or Lascelles are going to bring in the issues  
24 from the legislation that they are sponsoring.

1 We just wanted to alert these intervenors, who  
2 don't usually participate before the Commission,  
3 that there are two levels that limit the issues.  
4 They first have to be noticed, and, second, they  
5 also have to be within the Commission's  
6 jurisdiction.

7 So, again, yes. As it stands  
8 procedurally right now, our only objection is to  
9 Intervenor Husband, because we now know what his  
10 position is.

11 CHAIRWOMAN MARTIN: Okay. Thank you.

12 MS. BROWN: Thank you.

13 CHAIRWOMAN MARTIN: Mr. Husband, would  
14 you like to respond?

15 MR. HUSBAND: Hello. I think you said  
16 that I could respond?

17 CHAIRWOMAN MARTIN: Yes.

18 MR. HUSBAND: Okay. Thank you. If it  
19 please, I'd begin by noting that I didn't have  
20 the time to prepare a response to the argument  
21 that was just made, as did Pennichuck.

22 Also to start, back up a little bit,  
23 with the initial complaint that was made about  
24 additional intervenors coming in from Litchfield,

1 and they should be limited, because the Town has  
2 its own counsel, I think the PUC knows that it  
3 does allow individual intervenors and ratepayers,  
4 even if towns do have counsel. Individuals do  
5 have different interests than the whole town, and  
6 they shouldn't be precluded from making the  
7 arguments that may stray from the town's  
8 arguments, simply because the town is represented  
9 by itself by counsel.

10 In terms of the arguments that were  
11 just made, I think Pennichuck is cutting to the  
12 substance, and way before we've had time to do  
13 any discovery or explore the issues here that  
14 have been raised. I don't think you can decide  
15 the substance of the claims that I raise today,  
16 the Saint-Gobain and the overdraws on  
17 Litchfield's water.

18 This proceeding does raise the issue of  
19 whether these charges could be paid under RSA  
20 342 -- I'm sorry, 374, Section 2, and Chapter  
21 378. And, as such, they have to be -- the  
22 charges have to be just, reasonable, and not  
23 unlawful. And the claims that I have raised as  
24 to Saint-Gobain raise the question "whether it's

1           just and lawful to assign these charges" -- "some  
2           of these charges?" And I'm not hearing that some  
3           of these charges aren't related to the  
4           installation of infrastructure in Litchfield to  
5           take care of the PFC contamination caused by  
6           Saint-Gobain.

7                        To the extent that some of these  
8           charges result from that, are causally related to  
9           the work that needed to be done, I think there is  
10          definitely an issue as to whether they are  
11          covered by the settlement agreement that was  
12          previously mentioned, there can't be further  
13          charges to Saint-Gobain or whether there can be.  
14          I don't think that the Commission can decide,  
15          based on a letter that was read to you this  
16          morning, that that agreement precludes the  
17          recovery of the charges that -- any charge that  
18          Pennichuck is looking for now that really arise  
19          from Saint-Gobain's contamination activities.

20                       In terms of the overdraw on the well,  
21          again, I raise the statute that says that you  
22          can't -- that you can't drain a state pond, and  
23          which is what I've noted is happening with Darrah  
24          Pond in Litchfield due to the overdraws. That's

1           unlawful.

2                        You can't -- it's also unlawful what  
3           they're doing with the water in the entire town,  
4           not just the pond, but the rivers, the brooks,  
5           and if they are overdrawing. And I don't know  
6           that for a fact yet that they are. But, if there  
7           are overdraws that are depleting all of the  
8           waters in Litchfield, that does violate the  
9           public trust doctrine. Those waters are supposed  
10          to be preserved for everyone in the state, not  
11          just used by the Town of Hudson. And Hudson is  
12          making a nice profit off this I pointed out. I  
13          see that they're marking up the water that  
14          Pennichuck is getting by 20 percent off the top.

15                        So, I don't know if, in this  
16          proceeding, that the Commission can ultimately  
17          cap withdrawals on those wells. But I'm hoping,  
18          if not, it can at least take a look at the money  
19          issue, and working out something equitable  
20          between Hudson and Litchfield, where Hudson  
21          doesn't get to drain all of the water in  
22          Litchfield, and taking away from the rights of  
23          not just the customers here, but the whole town.  
24          That people have wells there that they are trying



1 to use. I have water rights. People use the  
2 brooks and streams.

3 I just, you know, that is something  
4 that should be factored into the final equation  
5 on who's paying what here to Pennichuck. And I  
6 think that is something that clearly can be dealt  
7 with by the Commission in this proceeding, even  
8 if the Commission decides that it can't impose a  
9 cap on the wells. And I think it can. The  
10 Commission at any time can impose any reasonable  
11 restrictions it wants to on its prior orders.

12 CHAIRWOMAN MARTIN: Okay. Mr. Husband  
13 and Attorney Brown, I think the way we're going  
14 to handle this is, to Mr. Husband's point, your  
15 objection was fairly pointed and substantive.  
16 So, I'm going to ask you to put that in writing,  
17 and allow Mr. Husband an opportunity, and anyone  
18 else, an opportunity to respond, just so that  
19 also we can move forward with today's proceeding  
20 as well.

21 Okay?

22 MS. BROWN: Thank you.

23 CHAIRWOMAN MARTIN: Can you get that  
24 objection filed before we -- I know that they are

1 due today under the Order of Notice. Do you have  
2 that prepared?

3 MS. BROWN: I can have it by Friday  
4 filed, putting what I objected to orally today in  
5 writing.

6 CHAIRWOMAN MARTIN: Okay.

7 MR. HUSBAND: I do not have a problem  
8 with that.

9 CHAIRWOMAN MARTIN: Mr. Kreis.

10 MR. KREIS: Chairwoman Martin, I have  
11 to confess to a certain measure of confusion.  
12 What's pending before the Commission right now  
13 are petitions to intervene. And it does not  
14 appear that the Company objects to any of the  
15 pending petitions to intervene. And so, I'm  
16 confused about what it is that the Company is  
17 going to be asking the Commission to do or to  
18 determine.

19 It does seem to me that Mr. Husband has  
20 raised some colorable arguments that might relate  
21 to what can and cannot be recovered by the  
22 Company in its rates. This is a rate proceeding.  
23 And I have a lot of sympathy for Mr. Husband's  
24 position that he just articulated, that this is

1 not the right phase of this proceeding to be  
2 making rulings about what substantive issues are  
3 either in or outside the scope of the proceeding.

4 So, the Commission, obviously, is going  
5 to do whatever it wants. But it would help me if  
6 I had some clarity about what exactly we're doing  
7 here with this round of pleadings that you've  
8 just requested.

9 CHAIRWOMAN MARTIN: Well, I think that  
10 the process that we set is that anyone who wants  
11 to object to a motion to intervene, the deadline  
12 was today. And so, we hadn't received any. I'm  
13 giving the opportunity today to be heard on that.  
14 And, given that that objection was fairly  
15 substantial, it would help not only the parties,  
16 I'm sure, but the Commission to have it in  
17 writing, and an opportunity to respond.

18 I had not planned to rule on all of the  
19 motions to intervene today at any rate. And so,  
20 we will be taking those under advisement. So,  
21 this shouldn't affect anything. I just don't  
22 want to spend too much time arguing what sounds a  
23 bit substantive, if we don't need to today.

24 MR. BOEHM: May I interject? This is

1 Representative Ralph Boehm, --

2 CHAIRWOMAN MARTIN: Yes.

3 MR. BOEHM: -- because my legislation  
4 was brought up. My legislation has absolutely  
5 nothing to do with why I am intervening in this  
6 hearing.

7 Thank you.

8 CHAIRWOMAN MARTIN: Okay. Thank you.

9 So, we will take the -- all of the  
10 petitions under advisement. But, for today's  
11 purposes, we will treat all of the folks who have  
12 asked to intervene as intervenors with standing.  
13 And that's for this prehearing conference, as  
14 well as for the technical session that will  
15 follow.

16 Okay. Anything else that we need to  
17 cover before -- oh, Commissioner Bailey.

18 CMSR. BAILEY: Thank you. I had a  
19 question for Ms. Brown.

20 Ms. Brown, you recommended that we  
21 approve the petitions to intervene from the  
22 residential customers under the permissive  
23 standard, rather than the mandatory standard.  
24 Did I understand you right?

1 MS. BROWN: Correct. Because, as it  
2 stands now just on the paper of the petitions,  
3 the Town has intervened on behalf of the  
4 residents. So, that creates, unless Attorney  
5 Cole wants to speak to that and revise that  
6 petition, we are just acting on that  
7 representation. And, as such, the way to then  
8 allow them, if that interest is already taken up  
9 by the Town, then the way to allow the Litchfield  
10 intervenors would be under the permissive, the  
11 end result is the same. They're intervening.  
12 They're just not as a matter of right, they're  
13 under permissive. But --

14 MR. COLE: May I be heard, Commissioner  
15 Bailey?

16 CMSR. BAILEY: Yes.

17 CHAIRWOMAN MARTIN: Yes. Go ahead.

18 MR. COLE: I represent, I and my law  
19 firm, Sheehan, Phinney, Bass & Green, we  
20 represent four municipalities. We do not  
21 represent the citizens. That was sort of a  
22 throwaway additive to the sentence. Because it  
23 could be -- it could be that their interests are  
24 largely coextensive, the interests between the

1 municipalities, the municipal corporations, and  
2 the individuals. But, as Mr. Husband said, they  
3 may not be. And that, particularly, if we get to  
4 some sort of a discussion of settlement, those  
5 interests may diverge.

6 So, I guess what I would propose is  
7 that the Commission read my petition to intervene  
8 as being only for the identified four municipal  
9 corporations. I can file a new one or we can  
10 just forget about that little added part of the  
11 sentence, however the Commissioners would like me  
12 to skin that cat. But I don't want any  
13 confusion.

14 Later coordination of discovery and  
15 things like that, I guess we'll get to that down  
16 the road. But I just want to be very clear, I  
17 don't represent any individual ratepayer or  
18 citizen of any of the four towns. I represent  
19 the entities that are known as the municipality  
20 corporations, Londonderry, Litchfield, Pelham,  
21 and Hooksett.

22 Thank you.

23 MS. BROWN: May I respond to  
24 Commissioner Bailey's question?

1 CHAIRWOMAN MARTIN: Yes. And thank  
2 you, Mr. Cole, for clarifying that.

3 MS. BROWN: Yes.

4 CHAIRWOMAN MARTIN: Go ahead.

5 MS. BROWN: Now that the towns are not  
6 representing the citizens, then the Company's  
7 default is these Litchfield residents are  
8 intervening as a matter of right.

9 We still have the concern about having  
10 so many intervenors with common interests that we  
11 should be able to have some ordered group. But  
12 perhaps maybe that's something we can discuss at  
13 the technical session and give a report back to  
14 the Commissioners, if the parties can work that  
15 out.

16 And then, that would just leave the  
17 objection to using the petition to intervene to  
18 expand the scope of issues beyond what was  
19 noticed and what we believe is under the  
20 Commission's jurisdiction. And so, that scope  
21 issue we can put into a written document, and  
22 allow permissive intervention -- or, intervention  
23 as a matter of right for Mr. Husband, so long as  
24 he sticks within the noticed issues today.

1                   CHAIRWOMAN MARTIN: The Commission  
2                   certainly encourages all of the various  
3                   intervenors to work together today to determine  
4                   whether there can be coordination and  
5                   collaboration, in an effort to keep the process  
6                   as efficient as possible. And we will also  
7                   certainly take any recommendations into  
8                   consideration when we issue the order.

9                   Okay. Anything further on  
10                  interventions?

11                  *[No verbal response.]*

12                  CHAIRWOMAN MARTIN: All right. Let's  
13                  go ahead then and hear initial positions,  
14                  starting with Attorney Brown.

15                  MS. BROWN: Thank you, Commissioners.

16                  And if I, because we have so many  
17                  intervenors and commenters listening to this  
18                  proceeding today, and for the benefit of them  
19                  being brought up to the history, I wanted to say  
20                  that the City of Nashua purchased the Company's  
21                  parent, Pennichuck Corporation, in January of  
22                  2012, as a result of Docket DW 11-026. As the  
23                  result of that purchase, Pennichuck East utility  
24                  came under municipal ownership, as did Pittsfield



1 Aqueduct Company, Pennichuck Water Works, and  
2 other unregulated entities.

3 Under municipal ownership, Pennichuck  
4 East Utility's ratemaking structure is not  
5 designed to earn a profit over and above coverage  
6 of its necessary operating expenses. There are  
7 no traditional dividends that are issued to  
8 shareholders, like what is seen in investor-owned  
9 utilities. Also, the Company does not have cash  
10 flow buffers, like return on equity that a  
11 traditional investor-owned utility has.

12 The benefit of the City of Nashua's  
13 ownership is that it has helped lower customer  
14 rate increases. And, indeed, to that point, in  
15 2013, as a result of the 2011 acquisition, all  
16 three regulated utilities were ordered to file  
17 rate cases so that the savings from the  
18 acquisition could flow through to customers.

19 The downside of municipal ownership is  
20 that the regulated utilities no longer have  
21 access to equity. They are entirely debt funded  
22 in their capital structure. And this debt-funded  
23 nature makes these water utilities highly  
24 dependent on cash flow.

1           Now, the Commission has addressed this  
2 cash flow problem in past rate cases. In 2017,  
3 the Commission approved modifications that would  
4 approve -- that it approved for Pennichuck Water  
5 Works, it approved them for Pennichuck East  
6 Utility. And those changes were to add revenue  
7 requirement buckets to track expenses. They  
8 included a Material Operating Expense Revenue  
9 Requirement and associated Rate Stabilization  
10 Fund; a Non-material Operating Expense Revenue  
11 Requirement; and two Debt Service Revenue  
12 Requirements, one of them having a Rate  
13 Stabilization Fund.

14           Now, more recently, in 2019, Pennichuck  
15 East affiliate, Pennichuck Water Works, also came  
16 in with another modification to address cash  
17 flow, and the Commission approved a Material  
18 Operating Expense Factor. The "MOEF", as we call  
19 it, is another element of the ratemaking  
20 structure to help bond rating agencies of the  
21 water utility to allay their concerns that the  
22 utility will have sufficient cash to cover its  
23 necessary expenses.

24           And Pennichuck East Utility has

1 requested the MOEF be added to its ratemaking  
2 structure for the same reasons as were given in  
3 the Pennichuck Water Works case. Pennichuck East  
4 Utility needs to have sufficient cash to pay its  
5 debt and operating expenses. And, if the Company  
6 does not have sufficient cash, the commercial  
7 lenders will not lend.

8 Now, PEU also proposes other changes to  
9 its ratemaking structure that were also made for  
10 Pennichuck Water Works. I won't describe them  
11 here. They are more fully described in the  
12 testimonies of Mr. Goodhue and Mr. Ware.

13 I can speak to the revenue requirement  
14 and resulting rate increase. Pennichuck East  
15 Utility filed its rate schedules on November  
16 23rd, 2020 to increase its rates effective  
17 December 24th, 2020. At the same time, the  
18 Company also supplied the financial and other  
19 documentation required under the Commission's  
20 Puc 1600 rules governing full rate cases.

21 As depicted in the Company's rate  
22 filing, which, for the record, is at Tab 13, Page  
23 176, based on the ratemaking method approved in  
24 the Company's last rate case, which was Docket DW

1 17-128, and inclusive of the North Country  
2 Capital Surcharge and inclusive of the Qualified  
3 Capital Project Adjustment Clause -- or, Charge,  
4 rather, the Company's 2019 *pro formed* test year  
5 revenue needs were about 10.7 million. Its  
6 actual revenues were 8.8 million.

7 The shortfall was about 1.8 million in  
8 annual revenues. The Company is clearly not  
9 earning sufficient revenues to cover these  
10 necessary expenses.

11 Now, the drivers of this increase are  
12 explained, again, in the testimony of Mr.  
13 Goodhue, which is Tab 9 for the record, and the  
14 testimony of Mr. Ware, which is at Tab 10 for the  
15 record. The increase is fueled by an increase in  
16 negotiated union labor costs, increases in  
17 purchased water costs. And I would note for the  
18 listeners that 70 percent of the Company's water  
19 is purchased, rather than produced, water. The  
20 Company does not own the wells in the Town of  
21 Hudson. The core of the PEU system is supplied  
22 by water from Manchester Water Works, the Town of  
23 Hudson, and Pennichuck Water Works. The Company  
24 purchases water from Pennichuck Water Works,

1 Manchester Water Works, and the Town of Hudson,  
2 and with a cost that ranges from \$1.75 per  
3 hundred cubic feet to \$2.80 per hundred cubic  
4 feet.

5 When you compare that to the average  
6 cost to produce water, which is 60 cents per  
7 hundred cubic feet, it is clear that purchased  
8 water costs -- that purchasing water is  
9 expensive. It is -- so, just to give a  
10 perspective of the purchased water costs in this  
11 21.05 overall percent increase, purchased water  
12 costs are about 0.7 percent of the requested  
13 increase. So, they are not insignificant.

14 Also, costs to treat arsenic have  
15 increased; costs of insurance have increased;  
16 costs of regulatory expense have increased;  
17 property taxes have increased. And this is the  
18 function of not only property taxes going up, but  
19 also, when the Company receives assets from  
20 developers, which is contributed to the Company,  
21 those assets still incur a property tax expense.  
22 And property taxes have increased at a rate --  
23 or, property tax expense has increased at a rate  
24 of 2.8 percent since the 2017 revenue requirement

1 was approved.

2 Operating expenses have also increased.  
3 Pension and health retirement expense have  
4 increased. And, on this point, this is not an  
5 increase that is due to any changes in the  
6 benefits from the plan design. This increase is  
7 due to the downward change in federally issued  
8 discount rates used to calculate the current  
9 funding and expenses of the plan benefits. It's  
10 a function, essentially, of low interest rates.

11 Also, costs of replacing aging  
12 infrastructure continue to increase. And on this  
13 point, again, for the benefit of listeners, it is  
14 important to note that much of the Company's  
15 system was installed by developers. The Company  
16 stepped in and invested in these systems to bring  
17 them up to current standards. For example, part  
18 of the Company's capital plan involves replacing  
19 substandard infrastructure installed in the  
20 former Consumers New Hampshire Water Company  
21 system, which the Company obtained back in the  
22 1997-1998 timeframe.

23 Additionally, the Company is under  
24 Corrective Action Plans with the Department of

1 Environmental Services, and it must adhere to  
2 those plans and make timely capital improvements.  
3 The costs associated with main replacements and  
4 capital improvements, unfortunately, does  
5 increase customer rates.

6 In terms of what percentage these  
7 increases represent of this 21.05 percent  
8 increase in the revenue requirement, operating  
9 expenses are more than half of the rate increase,  
10 at 11.96 percent. Debt service is just under 5  
11 percent, at 4.95 percent of the rate increase.

12 And, because some of the commenters  
13 raised the issue of "the Company should seek low  
14 interest rate debt", I would make note that the  
15 Company does regularly take advantage of low-cost  
16 debt from the State Revolving Loan Fund, the  
17 State Drinking Water/Groundwater Trust Fund, both  
18 administered by the Department of Environmental  
19 Services. It also utilizes CoBank, which is a  
20 member of the Farm Credit Bureau's lending  
21 system, and CoBank offers very competitive rates.

22 The rest of the rate increase is  
23 comprised of the Material Operating Expense  
24 Factor, at about 6 percent.

1           While increased -- while some expenses  
2           have increased since the last revenue requirement  
3           was approved, some increases have actually  
4           decreased since 2017. Purchased power costs have  
5           decreased as a result of the Company  
6           renegotiating power supply contracts. And one  
7           issue that was raised in the comments is that --  
8           was that the new building the Company resides in  
9           is costly. Actually, that lease expense has  
10          decreased. And it will be cheaper, actually, for  
11          decades, because the Company's management  
12          negotiated a much better lease agreement for  
13          their new location in Nashua that results in  
14          lower current and future expenses than had the  
15          Company not moved. Those lower lease expenses  
16          are contracted to continue for 15 years, after  
17          the initial 5-year term. And, in fact, the lease  
18          cost will remain constant for the final 20 years  
19          of the lease, including the extension periods.

20                 I would also like to bring to the  
21                 listeners' attention that the Company conducted a  
22                 cost of service study. The Company has  
23                 calculated a need for a 21.05 percent increase in  
24                 its revenue requirement. And it is applying that



1 revenue requirement increase to the customer  
2 classes according to recommendations made in the  
3 cost of service study. The cost of service  
4 study, for the record, appears at Tab 11 of the  
5 rate filing, and it was conducted in accordance  
6 with the American Water Works M1 Manual of  
7 Practice.

8 The goal of a cost of service study is  
9 to determine what expenses each customer class  
10 generates, and then design rates to recover those  
11 costs. In other words, the cost of service  
12 apportions the revenue requirement among the  
13 customer classes according to the expenses each  
14 class generates so as to limit any one class  
15 subsidizing another. The cost of service study  
16 is periodically conducted by utilities to ensure  
17 that revenues from each customer class keep  
18 current with the level of expenses incurred in  
19 those classes. In short, the cost of service  
20 study identifies if subsidies are starting to  
21 occur.

22 The Company is aware that customers  
23 have filed public comments expressing concern  
24 that they are subsidizing other rate classes. I

1 would draw their attention to this cost of  
2 service study.

3 In PEU's case, if the customers review  
4 the Report of Proposed Rate Change, which appears  
5 at Page 59 of the rate filing, they will see that  
6 some of the rates are actually going down, others  
7 are going up. And that is a function of  
8 adjusting the rate classes to be paying their  
9 fair share and to eliminate subsidies. And the  
10 Company is happy to discuss this study with the  
11 parties in the technical session.

12 I'd also like to take an opportunity to  
13 address some of the additional customer complaint  
14 issues that were filed. As the Commission is  
15 aware, there were over 150 complaints or customer  
16 comments that were filed with the Commission.

17 One of these issues concern dirty  
18 water. Again, these complaints appear to follow  
19 a standard form of issues. Some of these  
20 comments did express that they personally had  
21 experienced dirty water. But the vast majority  
22 of these letters mentioned that they had only  
23 heard of complaints of dirty water.

24 But, regardless, the Company is very

1           aware of this issue, and is actively work with  
2           the Town and customers to resolve the issue. In  
3           the Company's records, there were 52 complaints  
4           of discolored water in Litchfield between July  
5           and December. This is for the Litchfield system,  
6           which is 2,400 customers. When the complaints  
7           first came in, the Company sent customers a  
8           letter, this was in July, explaining the cause of  
9           the dirty water and what it would be doing to  
10          address the problem. It also provided the Town  
11          of Litchfield with sample bottles, so that  
12          residents could take samples and provide the  
13          Company with accurate data.

14                        The source of the discolored water is  
15          manganese. It is a naturally occurring metal in  
16          water, and emanates from the Hudson wells in  
17          Litchfield. Over the years, a layer of manganese  
18          has coated the inside of the water mains in  
19          Litchfield. Such coatings are fairly stable,  
20          unless there are events that cause the manganese  
21          to strip away. And these events have recently  
22          occurred in the Litchfield system: They are  
23          higher flows, changes in flow direction, isolated  
24          high-flow incidents, and changes in source water.

1 Over the past year, the source of water  
2 has changed. A little over 50 percent of the  
3 water now comes from the Nashua water treatment  
4 plant, instead of the high manganese wells in  
5 Litchfield, owned by Hudson. This water from  
6 Nashua has lower manganese levels and is coming  
7 from a different direction. Those two factors  
8 mean that the manganese coating on the mains is  
9 starting to soften, and then get into the water.

10 Flows have also increased. The  
11 wintertime peak, which is usually around 300,000  
12 gallons per day, reached over 800 [800,000?]  
13 gallons per day this past summer. This summer  
14 peak was likely due to residents being home, and  
15 also heavy lawn irrigation due to the drought.

16 In response, the Company has increased  
17 its system flushing. The flushing seems to be  
18 working. And, as stated earlier, the Company has  
19 given the Town of Litchfield sample bottles that  
20 town residents can use to take additional  
21 samples. And the Company continues to  
22 participate in meetings with the Town and Town  
23 residents to receive information and answer  
24 questions.

1 I'd next like to address an issue in  
2 the Commission's list of comments pertaining to  
3 PFAS. There was one comment received, on January  
4 21st, alleging that the water supply by the  
5 Company did not meet the State's PFAS standard.  
6 This allegation is not correct. The water  
7 flowing through the Company's system meets the  
8 State's new PFAS standard. The testing results  
9 of which are regularly posted on the Company's  
10 website, and are included in the Consumer  
11 Confidence Reports to customers explain that.  
12 The Company does not know where this issue came  
13 from, but it is disturbed that it is circulating  
14 among the Litchfield customer group.

15 There were a number of comments  
16 received that compared the Company's rates with  
17 local municipal rates. And, to that, I would  
18 bring to the Commission's attention, there was a  
19 table, and one that I pulled was filed by Dan and  
20 Trish Tiernan on December 28. And, in this table  
21 entitled "Litchfield Monthly Water Bills Compared  
22 to Other Towns Voice Your Opposition to the Rate  
23 Increase now", compares the Litchfield rates to  
24 Pennichuck Water Works' Nashua rates, and Hudson,

1 Derry, and Merrimack, and Manchester. As the  
2 Commission is aware, comparing rates of a  
3 regulated utility to a municipality is not an  
4 apples-to-apples comparison.

5 And, in particular, with the Pennichuck  
6 utility families, their expenses -- I'm sorry,  
7 their revenue requirement is a product of  
8 expenses. And comparing to -- compared to other  
9 municipalities, if a neighboring town doesn't  
10 have to pay for property taxes on water  
11 infrastructure, that's going to lower their rates  
12 as compared to the Company.

13 Currently, for the record, 12 percent  
14 of Pennichuck's total revenue is directly tied to  
15 payment of property taxes to the State and in the  
16 towns it serves. Without this pass-through of  
17 these dollars -- without this pass-through, those  
18 dollars will be collected from residents in their  
19 property taxes, not their water rates.

20 Also, if a town puts the hydrant  
21 maintenance in its public works budget, that's  
22 going to appear as lower rates on the water  
23 utility side. But, for Pennichuck East, hydrant  
24 maintenance is a component of the operating

1 expense.

2 If a town delays capital improvements,  
3 that is also going to lower their rates, and can  
4 also lead to intergenerational subsidies with  
5 one-time expenditures. The Company, though, has  
6 not delayed capital improvements. It has  
7 actively, through corrective action plans and  
8 through its QCPAC programs, actively making  
9 infrastructure replacements on a timely basis.

10 Other towns, and this is true with the  
11 Manchester Water Works, are able to pre-collect  
12 fees from customers before they connect to the  
13 system. This makes funds available that, for a  
14 regulated utility, they have to go out and seek  
15 capital to fund their projects. But, for some of  
16 the towns, they can pre-collect and use this pot  
17 of money to fund capital projects.

18 There are other issues driving the  
19 difference between why municipalities have lower  
20 rates, and that includes also whether the town is  
21 more densely populated, and whether the per  
22 customer cost of the infrastructure is lower as a  
23 result.

24 Also, the towns in that chart are

1 all -- are one single EPA-regulated water system.  
2 Pennichuck East Utility is a collection of 28 EPA  
3 systems. That means that the sampling and water  
4 quality required of each 28 systems is 28 times  
5 more than what a town would do on sampling its  
6 single system.

7 I'd also like to add that the towns  
8 that's being compared to -- that the towns being  
9 compared produce their own water. We've already  
10 talked about that earlier, that production of  
11 water costs less than if there's purchased water.

12 The Company understands the urge to  
13 compare water rates, but cautions these customers  
14 that it's not an apples-to-apples comparison as  
15 we've just articulated.

16 As part of the rate filing, the Company  
17 filed for temporary rates. And it filed the  
18 Temporary Rate Petition predicated on the  
19 Commission suspending the taking effect of its  
20 December 24th tariff. As we know from this  
21 proceeding, the Commission did suspend the taking  
22 effect of the Company's tariff, so now the  
23 Temporary Rate Petition is no longer moot.

24 The Company is seeking to increase its



1 current rates by 15 percent, and this would be  
2 over all customer classes. The increase would  
3 not apply to the Capital Recovery Surcharge that  
4 the customers in Locke Lake, Sunrise Estates, and  
5 Birch Hill pay.

6 The Company believes that temporary  
7 rates is appropriate in this case given the  
8 magnitude of the rate increase that is needed.  
9 It is important to also know, on the Company  
10 side, that as of December 31st, 2019, the Company  
11 fully depleted its Rate Stabilization Fund. The  
12 Rate Stabilization Fund is supposed to buffer  
13 between revenues and expenses, and that is now  
14 depleted. So, it's ratemaking structure is  
15 presently not working as it needs to.

16 Temporary rates is also appropriate  
17 because temp. rates is often used as a tool to  
18 mitigate rate shock. And further to mitigate  
19 rate shock, the Company is proposing, as part of  
20 its temporary rate increase, to temporarily  
21 suspend the collection of its 2018 and 2019 QCPAC  
22 surcharges. Now, for the people listening, the  
23 QCPAC surcharge is a surcharge to fund ongoing  
24 capital improvements.

1                   Suspending the QCPAC surcharge will  
2                   lessen the number of rate changes customers  
3                   experience during this rate case. It also has  
4                   the benefit of providing customers budget  
5                   stability.

6                   The Company looks forward to working  
7                   with Staff and OCA and the intervenors after this  
8                   prehearing to develop a procedural schedule to  
9                   consider what the Company is proposing for  
10                  temporary rates.

11                  I'd also like to put into the record  
12                  the notice that the Company has undertaken for  
13                  this case. As, on September 23rd, the Company  
14                  filed its Notice of Intent per the Commission's  
15                  rules and per RSA 378. On November 23rd, the  
16                  Company filed its tariffs and provided the  
17                  required 30 days' notice before the effective  
18                  date of its tariffs, which was December 24th. On  
19                  November 25th, the Company posted on its website  
20                  the rate filing, the tariffs, the request for  
21                  temporary rates. The Company also posted  
22                  "Answers to Commonly Asked Questions." On  
23                  December 10th and 11th, the Company mailed each  
24                  customer actual notice of the rate filing and

1 proposed rate increase. On December 18th,  
2 pursuant to the Commission's order in this  
3 proceeding, the Company published the  
4 Commission's order on its website. And, also on  
5 December 18th, the Company filed the proof of  
6 posting to the Commission.

7 So, we appreciate the Commission's  
8 patience while we put our position on these  
9 issues into the record. We look forward to  
10 working Staff, OCA, and the intervenors in the  
11 tech session to develop a proposed procedural  
12 schedule to govern the remainder of this  
13 proceeding. And the Company is happy to answer  
14 any questions that the Commission may have.

15 Thank you.

16 CHAIRWOMAN MARTIN: Okay. Thank you,  
17 Ms. Brown.

18 Okay. Let's move on to Mr. Cole  
19 please.

20 MR. COLE: Thank you. I'll try to be  
21 brief.

22 I was approached only last week to  
23 represent these four towns, and then there was a  
24 stitching together of those four towns necessary.

1           So, my involvement with this is predictably  
2           pretty shallow at this point.

3                       Essentially, the position is that  
4           they're alarmed at the rate request, both in  
5           itself, and in light of prior what they  
6           understood to be representations that rates would  
7           remain static and increase only two to three  
8           percent per year.

9                       Our decision to intervene is  
10          essentially to meaningfully participate and  
11          evaluate the request. This will require an  
12          understanding of the particular, and maybe even,  
13          it's fair to say, peculiar, governing structure  
14          of the entity, and the related sister entities  
15          that it is involved with, the cash flow within  
16          those entities, the relationship between the  
17          thorny buckets of cash flow, debt service,  
18          investments made, and ultimate rates to be  
19          approved.

20                      Our goal is not necessarily opposition  
21          to anything here. Our goal is to understand what  
22          is being proposed, and why it's being proposed,  
23          and whether it is a sound thing. All in the --  
24          all in the context of some significant sticker

1 shock that you'll hear from when you hear the  
2 individuals talk.

3 The towns have summoned the resources  
4 to hire an expert. And I, for the Commissioners'  
5 edification, I've been diligently looking for a  
6 person or persons with the necessary disciplines  
7 in finance, rate methodology, ratemaking, and  
8 rate design, and have found that to be a  
9 challenge, as you might expect.

10 So, when we get to the technical  
11 session, and we're talking about a schedule, the  
12 schedule is going to have to, in our respectful  
13 judgment, be extended out to allow for the  
14 municipalities to obtain those experts, so that  
15 it can actually develop a position on these  
16 pretty abstruse issues.

17 Unless the Commissioners have  
18 questions, I think I'll leave it there as an  
19 overall statement of our position.

20 CHAIRWOMAN MARTIN: Okay. Thank you,  
21 Mr. Cole.

22 MR. COLE: Thank you.

23 CHAIRWOMAN MARTIN: All right. Mr.  
24 Lascelles.

1 MR. LASCELLES: Yes. Thank you.

2 Again, I am representing myself as a  
3 ratepayer, myself and my wife, as a ratepayer.  
4 And I'm also a selectman in the Town of  
5 Litchfield. So, I can understand the fact that  
6 the Town has entered into an agreement with Mr.  
7 Cole's firm. And it could be that the Town of  
8 Litchfield itself, as a municipality, may, in the  
9 future, obtain the services of another attorney  
10 strictly for the municipality of Litchfield, as  
11 Mr. Cole represents not just Litchfield, but four  
12 communities. So, when we get -- at some point,  
13 we may have that situation. But, as of now, I am  
14 simply speaking for myself.

15 I have done a little bit of  
16 investigation with respect to the history of  
17 Pennichuck East, with respect to its relationship  
18 with Pennichuck, Inc. And, at the time that the  
19 City of Nashua purchased Pennichuck, Inc., they  
20 had said that their goal was to maintain rates in  
21 the 2.9 percent, or to that effect. And, of  
22 course, that is significantly exceeded by this  
23 request.

24 Also, at the time of that, the entity

1 of Pennichuck, Inc., the City of Nashua taking  
2 that over, there was a \$40 million mitigation  
3 fund that was established. Nothing has been  
4 mentioned about that mitigation fund. But, at  
5 the time, it was represented as a way of  
6 cushioning the rate situation with the towns.  
7 And, again, I'm curious as to whatever happened  
8 to that mitigation fund.

9 Attorney Brown mentioned the fact that  
10 Pennichuck East has significant expenses in  
11 maintaining fire hydrants. I would bring to the  
12 attention of the group that, in the Town of  
13 Litchfield, one of our largest line items is for  
14 fire hydrants. Now, Litchfield is a bedroom  
15 community, for all intents and purposes. It has  
16 very little commercial development. So, the  
17 impact of water rates, as well as tax rates, are  
18 felt by the homeowners significantly.

19 The current line item, assuming no big  
20 increase, is approximately a half a million  
21 dollars in the Town of Litchfield for fire  
22 hydrants. Which, if you ask anybody in town who  
23 is the largest user of fire hydrants, you would  
24 find that the largest user is Pennichuck, and not

1 any particular fire department and so forth.

2 The last thing that I would have is  
3 that the Town of Litchfield has endeavored to use  
4 zero-based budgeting when it comes to the  
5 municipal budget. I would request that, with  
6 respect to this rate increase, the starting point  
7 not be what the current rates are, and go up from  
8 there, but that we start from ground zero, and  
9 justify expenditures in a zero-based budgeting  
10 situation.

11 Obviously, when we have a case where a  
12 neighboring community's water rates are one-third  
13 what Litchfield rates are, I'm speaking of  
14 Hudson, and the fact that Hudson gets its water  
15 from Litchfield, that is an obvious problem when  
16 it comes to the residents of Litchfield.

17 So, I would request that we would take  
18 all of those things into consideration.

19 CHAIRWOMAN MARTIN: Okay. Thank you.

20 Let's see. Mr. Husband, would you like  
21 to speak?

22 MR. HUSBAND: Hello again. Thank you  
23 very much.

24 We've already discussed pretty much my



1           petition. I'll just briefly summarize it again.  
2           I have filed a petition as an intervenor in this  
3           proceeding, being a Litchfield resident. Also, I  
4           live on Darrah Pond, which is a great pond in  
5           Litchfield. And I pointed out in my petition  
6           that I not only have the concerns expressed by a  
7           lot of other comment letters or intervenors, that  
8           being the quality and price of the water in  
9           Litchfield, but I also have concerns with whether  
10          or not Hudson, which owns those wells in  
11          Litchfield, and there are no wells in Hudson.  
12          Earlier, Attorney Brown I think mentioned "Hudson  
13          wells", there are no wells in Hudson.

14                        What happened, in 1981, Hudson had five  
15          wells, just for the information of the  
16          Commission, had five wells supplying water to  
17          Hudson. Didn't like the quality of the water.  
18          Was told it could be filtered and take care of  
19          it, but it preferred to, instead, switch over to  
20          Litchfield, and asked the Commission to authorize  
21          three super wells in Litchfield. They put the  
22          wells in. And, since then, there have been  
23          reports of, you know, overtaxation, stressing of  
24          the aquifers. I've given you some of the

1 information from the DES. I'd be happy to give  
2 more in response to whatever Attorney Brown was  
3 to file.

4 But there really is a question of the  
5 lawfulness, not just the reasonableness and  
6 fairness of what's going on here to Litchfield,  
7 but of lawfulness of what is continuing to happen  
8 with the stress on Litchfield's aquifers being  
9 caused by all the water coming from Litchfield.

10 Ideally, at the end of the day, it's  
11 probably not for this proceeding. But I would  
12 like to see, and I think the DES has made it  
13 pretty clear to us in the past, probably  
14 Pennichuck knows this as well, really, the  
15 solution probably for cheap water for everyone  
16 here is for Hudson and/or Pennichuck's other  
17 users to find other wells and locate other wells  
18 somewhere outside of Litchfield, so you can start  
19 getting some more water.

20 And the other -- and, again, the other  
21 issue I raised was the Saint-Gobain one. I don't  
22 think that something as complex as the -- again,  
23 the Saint-Gobain arrangement, which, if you look  
24 at the Consent Decree, makes it clear, as far as

1 I'm concerned, that it's not a final settlement.  
2 It's just a limited settlement. I think that has  
3 to really be taken into consideration here under  
4 all the circumstances.

5 And, really, I'd like the opportunity  
6 to do some exploration of these issues. As I  
7 pointed out, I'm not sure at this point that  
8 anything is being done wrong. But I certainly  
9 see some signs of things that need to be  
10 explored.

11 CHAIRWOMAN MARTIN: Okay. Thank you,  
12 Mr. Husband. Ms. Fordey.

13 MS. FORDEY: Hello. Thank you. Just  
14 in the interest of time, I would say that I echo  
15 a lot of the comments that  
16 Representative/Selectman Lascelles pointed out.  
17 I'm very sensitive to the budgetary impacts, in  
18 my role as the Vice Chair of the Litchfield  
19 Budget Committee.

20 And I have also been following a lot of  
21 the issues and different concerns about water  
22 quality and the history of contamination. I also  
23 serve as a citizen representative on the State's  
24 PFAS Commission, and am intimately familiar with

1 the 2018 Consent Decree that was mentioned.

2 So, I, you know, my position is that I  
3 want to be as a part of this as possible, and  
4 would definitely be willing to be part of a  
5 coordination with other intervenors, if that  
6 helps this process move more smoothly.

7 Thank you.

8 CHAIRWOMAN MARTIN: Thank you for that,  
9 Ms. Fordey. Okay, Mr. Boehm. Mr. Boehm, you are  
10 on mute.

11 MR. BOEHM: For some reason, the space  
12 bar didn't work. Okay. I'm okay now.

13 Okay. Yes. Along with Nikki Fordey,  
14 I'm also on, as a legislator, on that PFAS  
15 Commission. But this has nothing to do with  
16 that. I would just like to bring up some points  
17 that have been mentioned.

18 One of the issues mentioned, there were  
19 28 systems in Pennichuck East. I have a problem,  
20 and I would like to -- these are just questions  
21 that I would like answered, but not today. Why  
22 did the PUC allow Pennichuck East to charge the  
23 same rate for all the towns that they service  
24 when they're not on the same water system? What

1 would the rate be if Litchfield and the other  
2 towns that are on the same pipeline be if they  
3 were separate utilities? And are the Litchfield  
4 ratepayers subsidizing the smaller town  
5 ratepayers, which are completely over on the  
6 other side of the river? They're not even  
7 connected to the same pipeline.

8 Also, and as mentioned by Rich  
9 Lascelles, why are the hydrant fees in Litchfield  
10 a lot higher than surrounding towns? I believe  
11 Hudson's fee for a lot more hydrants is about  
12 one-third of Litchfield's. And Pennichuck East,  
13 as Rich mentioned, usually the hydrants were more  
14 for flushing the lines than Litchfield uses them.  
15 And this is something I have a problem with.

16 As a wholly owned -- Pennichuck East is  
17 a wholly owned subsidiary of Pennichuck Water,  
18 which is owned by the City of Nashua. And I am  
19 shocked that the PUC would even allow that to  
20 happen. So, effectively, the water is controlled  
21 by the City of Nashua.

22 And I think one of the issues come up  
23 some years ago when I was a selectman, and  
24 somebody mentioned about aquifers, unfortunately,

1           there's a big aquifer underneath the southern end  
2           of Litchfield.  But, unfortunately, there's  
3           farmland on top of it, which makes it unusable.  
4           So much for it.  But, anyway, there are other  
5           water places that they can get the water from.  
6           And, as mentioned, DES has a problem -- had a  
7           problem some years ago with our Darrah Pond  
8           being [*sic*], and Hudson then was ordered not --  
9           to lower their -- lower their flow of water from  
10          that aquifer.

11                        So, thank you.

12                        CHAIRWOMAN MARTIN:  Okay.  Thank you,  
13           Mr. Boehm.  All right.  Mr. Vandendyke.

14                        MR. VANDENDYKE:  Yes.  I just want to  
15           say real quickly that I echo a lot of the  
16           sentiments being said.

17                        One thing that stood out during the  
18           list of compelling, somewhat, reasons for the  
19           rate increase were some things that I questioned,  
20           the pension plan, that these are for private  
21           sector employees, if the costs have gone up for a  
22           pension, I'm almost astonished to learn that  
23           pensions are still part of the picture.  Is there  
24           any way that these people can be shifted to a

1 defined contribution plan, like a 401k or  
2 something?

3 But, as pensions going up, I don't know  
4 that's really the problem of the residents of  
5 Litchfield, and that we should have to bear that.  
6 It sounds coldblooded, but it's a cost that needs  
7 to be looked at.

8 Overall, I would like to see a list or  
9 some kind of document providing the rundown and  
10 what percentage of what is really contributing to  
11 the rise, not to unfairly malign something that  
12 may not be as significant. So, if we could get  
13 that, that would be very helpful.

14 Thank you.

15 CHAIRWOMAN MARTIN: Okay. Thank you,  
16 Mr. Vandendyke. Mr. Burns.

17 MR. BURNS: I'm sorry. I'm not in a  
18 position to talk right now. Can you skip over me  
19 and come back to me?

20 CHAIRWOMAN MARTIN: Sure. Mr. Myers.

21 MR. MYERS: Thank you, Commissioner.  
22 Attorney Andrew Myers. I represent 21 homeowners  
23 in East Derry, in what the Pennichuck East  
24 Utilities considers its Farmstead Division.

1 That's about half of the ratepayers in that  
2 particular division of Pennichuck East Utilities.  
3 It's a broad spectrum of residential ratepayers:  
4 Elderly senior citizens who subsist with Social  
5 Security and otherwise on fixed incomes; young  
6 families trying to make a go of things during the  
7 pandemic, difficult enough without that, young  
8 families with children struggling to make ends  
9 meet; older people that have downsized. And it's  
10 a relatively diverse community.

11 Social Security benefits, as I'm sure  
12 you know, have not increased sizeably. The rate  
13 increase, by the prefiled testimony of Mr. Ware,  
14 Mr. Goodhue, and Mr. Fox, in their own words, is  
15 "significant". And the phase-in is to reduce  
16 rate shock.

17 My clients, and I've spoken to them all  
18 individually, are shocked, where Social Security  
19 benefits have only gone up by 1.3 percent last  
20 year, the previous year 1.6 percent, and, in  
21 2018, 2.8 percent, with increases of 2.0 percent  
22 in 2017, 0.3 percent in 2016. Social Security  
23 benefits went up zero percent in 2015.

24 As you know, there have been two



1           sizable rate increases prior to this one. This  
2           is the third one, which the three who have filed  
3           prefiled testimony themselves have listed as  
4           "significant".

5                     The Consumer Price Index, which, by the  
6           way, inflation has been listed as one of the  
7           factors behind the need for the rate increase,  
8           the Consumer Price Index, the inflation rate  
9           monitored by the U.S. Department of Labor, Bureau  
10          of Labor Statistics, and I'm happy to submit all  
11          of the background on these statistics, was only  
12          1.4 percent in 2020, that in context of a 21  
13          percent rate increase by this utility. In the  
14          previous four years, the CPI was 1.8, 2.4, 2.1,  
15          and 1.3.

16                    My clients are no different than  
17          household incomes generally in New Hampshire,  
18          which have not significantly increased over the  
19          last ten years. According to the New Hampshire  
20          Fiscal Policy Institute, reporting on  
21          September 26th of 2019, looking at numbers in  
22          2017 and '18, the median New Hampshire household  
23          income remained about the same in the U.S. Census  
24          Bureau data.

1           Notably, according to the New Hampshire  
2 Fiscal Policy Institute, median income in New  
3 Hampshire is still about the same as levels  
4 reached prior to the recession of 2007 to 2009,  
5 and economic recovery since then has still not  
6 increased these median incomes beyond those  
7 levels.

8           This is fairly relevant, because  
9 economic consumer data needs to be considered as  
10 a crucial component in the record of this case.  
11 In the 1994 New Hampshire Supreme Court case of  
12 *Appeal of Eastman Sewer Company*, the court there  
13 stated that no principle of utility ratemaking is  
14 more firmly established than that investors are  
15 entitled to a profit on their investment. And,  
16 although the financial setup of PEU obviously is  
17 quite different, as we've heard this morning and  
18 as we can see, the court in that case said that  
19 the PUC must balance the consumers' interest in  
20 paying no higher rates than are required.

21           I quote, and, again, the financial  
22 structure here is a little bit different, but the  
23 direct quote is this from the New Hampshire  
24 Supreme Court: "The protection of investor's

1 interests, however, must be secondary to the  
2 primary concern of the commission, which is the  
3 protection of the consuming public."

4 So, I'll leave you with this quick  
5 thought. And that is, the constitutional lawyers  
6 have several layers of -- levels of scrutiny:  
7 Low-level scrutiny, mid-level scrutiny, and  
8 high-level scrutiny. And I urge the Commission  
9 and its very competent staff, which has much  
10 greater resources than I would suggest many of us  
11 here that have appeared before you today, I would  
12 suggest that the PUC and its staff subject this  
13 proposed rate increase to the highest possible  
14 level of scrutiny with respect to all the  
15 calculations, all the underlying factors. The  
16 utility has opened the door to its ratemaking  
17 structure. I would urge the utility [sic] to  
18 take a very hard, firm look at everything in that  
19 structure.

20 Thank you.

21 CHAIRWOMAN MARTIN: Thank you, Mr.  
22 Myers.

23 Okay. Mr. Burns, are you ready to  
24 speak now?

1 MR. BURNS: Yes. Now is a good time.  
2 Thank you. And I apologize about that.

3 So, I just wanted to reiterate a lot of  
4 the concerns with my fellow neighbors and  
5 friends. And, you know, with the increase and  
6 the cost that Litchfield is paying, compared to  
7 the neighboring towns, you know, that's my main  
8 concern and why I signed up.

9 Like many others in Litchfield, you  
10 know, a couple years back I was paying zero for  
11 my water, I was on a well. And I was affected by  
12 the PFOA. And given the choice to keep my  
13 contaminated well and drink hazardous water, or  
14 go with Pennichuck, who has a monopoly in the  
15 area, and this is where I find myself now. I am  
16 paying north of \$300 a bill for, you know, this  
17 past summer.

18 So, that's why I signed up. And that's  
19 my main concern.

20 CHAIRWOMAN MARTIN: Okay. Thank you,  
21 Mr. Burns.

22 Mr. Cloutier?

23 *[No indication given.]*

24 CHAIRWOMAN MARTIN: Do we have Mr.

1 Cloutier with us?

2 *[No indication given.]*

3 CHAIRWOMAN MARTIN: Any other  
4 intervenors who are with us who wish to speak?

5 *[No indication given.]*

6 CHAIRWOMAN MARTIN: Okay. Hearing  
7 none, then let's go to Mr. Kreis, please.

8 MR. KREIS: Thank you, Chairwoman  
9 Martin. And good afternoon, everybody.

10 Twenty-one (21) percent is a whopping  
11 big rate increase request, particularly coming,  
12 as this one does, so soon, only about three  
13 years, after this utility's last rate increase.  
14 And, so, for that reason alone, the Company's  
15 rate case filing, and all of the materials that  
16 it has filed in support of its rate increase  
17 request, deserve rigorous and skeptical scrutiny.  
18 And, on behalf of residential utility customers,  
19 I aim to help provide that rigorous and skeptical  
20 scrutiny.

21 But, beyond that, there are a few  
22 things I want to make clear. One is that, in the  
23 recent rate case of Pennichuck Water Works,  
24 which, of course, is the affiliate of Pennichuck

1 East Utility, my office and the Staff of the  
2 Commission and the Company agreed on certain  
3 revisions, I guess you could even call them  
4 "improvements", to the method that we use to  
5 calculate this Company's -- the Pennichuck  
6 Companies' revenue requirement in light of the  
7 Pennichuck Corporation's unique status, which has  
8 already been mentioned extensively here today, as  
9 an investor-owned utility that doesn't really  
10 have any investors, and therefore doesn't rely on  
11 any equity financing opportunities. As the  
12 Company has explained in its filing, that has a  
13 lot of advantages, it also poses a couple of  
14 challenges.

15 In the PWW rate case, we were able to  
16 come to agreement on how to better optimize the  
17 way the Company's revenue requirement is  
18 calculated. And I am committed to following  
19 through on the implicit agreement that we made in  
20 that other rate case, to basically adapt that  
21 method for use here with this affiliate of the  
22 Pennichuck Corporation. That I don't think, for  
23 us, is going to be a difficult or contentious  
24 process.

1                   What I think that we are likely to  
2                   focus on is really, I guess, encapsulated by  
3                   certain things that Mr. Goodhue says at Pages 12  
4                   and 13 of his prefiled testimony, which looks to  
5                   be Pages 78 and 79 of Tab 9 of their rate case  
6                   filing. Mr. Goodhue says that "it was assumed  
7                   that PEU would realize rate increases over time",  
8                   after the City of Nashua acquisition, "of  
9                   approximately 2.9 percent per year in order to  
10                  fund projected increases in operating costs and  
11                  debt repayment and procurement obligations." And  
12                  then he says, basically, we've met that goal,  
13                  exclusive of what he describes as "certain key  
14                  events which have occurred since that time, for  
15                  which no possibility of predicting such events  
16                  could have been known at that time."

17                  And then he goes on to list those key  
18                  events. They have to do with the PFOA  
19                  contamination issues that we were just talking  
20                  about, increased property taxes, and increased  
21                  management fee expenses, and other exceptional  
22                  key events.

23                  The point I want to make here is that  
24                  those "exceptional key events" have to be

1           thoroughly and skeptically evaluated, because I  
2           think that, on behalf of residential ratepayers,  
3           as a group, I would really like to know why the  
4           Company has actually not been able to keep faith  
5           with its original projections of rate increases  
6           beneath -- at 2.9 percent a year or lower. So,  
7           that's going to be a major focus for us.

8                         We've heard quite a bit this morning  
9           already about the PFOA problem, the misfeasance  
10          or malfeasance of the Saint-Gobain Corporation,  
11          the Consent Decree that Saint-Gobain entered into  
12          with the State of New Hampshire. And there are  
13          two points I would make. One, Saint-Gobain is  
14          not a regulated utility. The Commission has no  
15          jurisdiction over that company. It has no  
16          jurisdiction over the Consent Decree. That is a  
17          constant, not a variable, in the context of what  
18          is under review here, which is the Company's  
19          rates.

20                        That said, once the Consent Decree  
21          resulted in new customers coming into the  
22          customer base of Pennichuck East Utility, because  
23          they are residents of the Company's service  
24          territory, the Company was obliged to serve them



1 and is obliged to do right by them. And if there  
2 are ways in which the Company could have done a  
3 better job, or if there are things the Company  
4 should have done or could do to better serve  
5 those customers and mitigate the rate shock that  
6 those new customers are experiencing, through no  
7 fault of their own, then that is something to be  
8 thoroughly investigated and ascertained and  
9 addressed within the four corners of this rate  
10 case.

11 That is why I think the Commission  
12 should avoid making any rulings at this time on  
13 any of the substantive issues that either Mr.  
14 Husband has raised in his petition or anybody  
15 else has raised. We're just at the beginning of  
16 the inquiry here. The intervention petitions are  
17 all unopposed. And it is very clear that  
18 everybody who has requested intervention is  
19 entitled to party status. And, so, the  
20 Commission should speedily grant those requests.

21 It should ask the individual ratepayer  
22 intervenors to think about combining their  
23 efforts, because that will make this process more  
24 efficient, which will make this better for them.

1           And we stand prepared to do whatever we can to  
2           assist with that process, even though we, of  
3           course, can't and won't combine our efforts with  
4           those individual intervenors, at least not  
5           formally.

6                        Beyond that, I note that Ms. Brown  
7           referred to the Company's cost of service study  
8           and the questions of rate design. Most of this  
9           Company's, in fact, I think all of this  
10          Company's, residential customers are on meters of  
11          five-eighths of an inch. And the Company is  
12          proposing what I consider to be a ridiculously  
13          large increase to the fixed charge that such  
14          customers pay from a present rate of \$20.70, way  
15          up to \$24.17, even as it is proposing significant  
16          decreases in the fixed monthly charge paid by  
17          other customer classes. That is not going to sit  
18          well with the Office of the Consumer Advocate.  
19          You can expect us to be pushing to actually  
20          decrease the fixed meter charge for residential  
21          customers. And the reason for that is simple,  
22          fixed charges send the wrong price signals;  
23          variable charges send good price signals. And  
24          fixed charges are unfair to residential

1 customers, in general, as to essentially any  
2 utility service, and certainly water service.

3 Assuming, without having yet figured  
4 out, that the cost of service study that the  
5 Company commissioned actually would support that  
6 kind of an increase to the fixed charge for  
7 five-eighths inch meter customers, cost causation  
8 is not the only imperative that drives utility  
9 rate design. And so, that is going to be a  
10 significant issue for us going forward.

11 Beyond that, I would like everybody to  
12 know, particularly the intervenors that are not  
13 typically here with us at the PUC, that, on the  
14 continuum of utilities that we work with, the  
15 Pennichuck Corporation and its management team  
16 are honorable people, who, in our experience, are  
17 genuinely striving to do right by their customers  
18 and keep faith with their obligations as a  
19 customer -- as a company that is. I have a lot  
20 of respect for Mr. Goodhue and his team. We have  
21 worked successfully with them in the past in a  
22 respectful and collaborative way. And that is  
23 exactly what I expect and anticipate we will be  
24 able to do here. And I have every confidence

1           that, in due course, we'll be able to come to an  
2           agreement about how to move forward with this  
3           Company's rates in the future.

4                     Thank you.

5                     CHAIRWOMAN MARTIN: All right. Thank  
6           you, Mr. Kreis. And Ms. Fabrizio.

7                     You're on mute.

8                     MS. FABRIZIO: I have to move closer as  
9           well. Okay. Thank you, Madam Chair.

10                    Staff will be engaging in a close  
11           examination of Pennichuck East Utility's analysis  
12           and support for its rate increase request. The  
13           Company bears the burden of proof in justifying  
14           its proposed revenue increase, which, at  
15           approximately 21 percent, as we've heard several  
16           times today, is quite significant for a company  
17           that serves just over 8,000 customers in 19  
18           communities.

19                    We have seen a strong response from  
20           residential customers in public comments and in  
21           the petitions to intervene from four affected  
22           towns, as well as a number of residential  
23           customers. And, for the record, with respect to  
24           the interventions, Staff has no objections to the

1 interventions filed to date and is open to  
2 discussion of all issues raised by all  
3 intervenors, and addressed at some length today  
4 by Attorney Brown and a number of the intervenors  
5 as well, to the extent that those issues may  
6 inform all parties in the assessment of the  
7 reasonableness of the Company's Petition.

8 Staff will work with the Company, the  
9 Office of the Consumer Advocate, and the  
10 intervenors today to develop a procedural  
11 schedule that will include ample opportunity for  
12 discovery and review of the Company's support for  
13 its Petition, including its corporate books and  
14 records. The schedule will accommodate possible  
15 settlement discussions as well, and hearings for  
16 both temporary and permanent rates.

17 Staff is prepared to work with the  
18 parties to seek a just and reasonable resolution  
19 of the Company's Petition and the concerns raised  
20 by the towns and residential customers who have  
21 intervened, as well as those who have provided  
22 public comments on the record. We look forward  
23 to a productive technical session today.

24 Thank you.

1 CHAIRWOMAN MARTIN: All right. Thank  
2 you, Ms. Fabrizio.

3 At this time, do we have any members of  
4 the public who wanted to comment?

5 *[No verbal response.]*

6 CHAIRWOMAN MARTIN: Doreen, are you  
7 able to confirm whether we have --

8 MS. LEMAY: Mr. Myers would like to  
9 speak.

10 CHAIRWOMAN MARTIN: Mr. Myers?

11 MS. LEMAY: Yes.

12 MR. MYERS: Yes. Thank you. I forgot  
13 the last bullet point of what I wanted to say  
14 earlier, just briefly.

15 Attorney Cole had suggested that maybe  
16 the Commission consider extending the schedule  
17 out a little bit. And I just wanted to indicate  
18 that I would agree with that, based on the  
19 complexity of the matter.

20 I don't know if this is the appropriate  
21 time to ask that the hearing on temporary rates  
22 be pushed back, maybe to May. I'm not sure. But  
23 I do think, based on the complexity of the  
24 matters here, and I have read through all the

1 pre-submitted testimony, that the schedule be  
2 pushed back a little bit.

3 CHAIRWOMAN MARTIN: Thank you, Mr.  
4 Myers. And we certainly hear the concern. We  
5 are constrained on the scheduling related to rate  
6 cases. But we'll leave that to your discussion  
7 today to see if some reasonable approach can be  
8 proposed.

9 Any other members of the public that  
10 want to be heard?

11 *[No indication given.]*

12 CHAIRWOMAN MARTIN: Okay. All right.  
13 Anything else we need to cover before you head to  
14 the technical session?

15 *[No verbal response.]*

16 CHAIRWOMAN MARTIN: All right. Thank  
17 you, everyone, for your participation today. We  
18 certainly appreciate all of your comments and  
19 your time, and apologize for the delay at the  
20 start. And this prehearing conference is  
21 adjourned. Please stay on for your technical  
22 session.

23 ***(Whereupon the prehearing conference***  
24 ***was adjourned at 12:50 p.m.)***