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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

February 23, 2022 - 9:26 a.m.
21 South Fruit Street
Suite 10
Concord, NH

**MORNING SESSION
ONLY**

[Hearing also conducted via Webex]

RE: DW 21-093
AQUARION WATER COMPANY OF
NEW HAMPSHIRE: Petition for
Franchise Expansion,
Acquisition of Assets and
Application of Existing Rates.
(Hearing)

PRESENT: Chairman Daniel C. Goldner, Presiding
Commissioner Pradip K. Chattopadhyay

Doreen Borden, Clerk
Corrine Lemay, PUC Hybrid Hearing Host

APPEARANCES: **Reptg. Aquarion Water Company of**
New Hampshire, Inc.:
Jessica A. Chiavara, Esq.
Daniel P. Venora, Esq. *(Keegan Werlin)*

Reptg. the Wiggin Way/Winterberry
Homeowners' Association:
Jason C. Reimers, Esq.
(BCM Environmental & Land Law)

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

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

Reptg. the Town of North Hampton:
Justin C. Richardson, Esq.
(NH Water Law)

Reptg. the Town of Hampton:
Susan A. Lowry, Esq.
(Upton & Hatfield)

Reptg. New Hampshire Dept. of Energy:
Christopher R. Tuomala, Esq.
Suzanne G. Amidon, Esq.
(Regulatory Support Division)

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1	Aquarion petition and attachments (11-20-20)	<i>premarked</i>
2	New Hampshire Department of Environmental Services Statement on Suitability and Availability of Water of Aquarion Water Company, Inc. (09-01-21) {Administrative notice taken}	<i>premarked</i> 20
3	Aquarion initial brief and attachments (01-31-22)	<i>premarked</i>
4	Aquarion reply brief (02-14-22)	<i>premarked</i>
5	Aquarion rebuttal testimony of J. Walsh, D. Szabo and C. McMorran, with attachments (02-14-22)	<i>premarked</i>
6	Wiggin Way testimony of Steven Roy, with attachments (01-31-22)	<i>premarked</i>
7	Wiggin Way rebuttal testimony of Steven Roy (02-14-22)	<i>premarked</i>
8	Hampton and North Hampton: Testimony and attachments of Timothy Harned (01-31-22)	<i>premarked</i>
9	Hampton and North Hampton: Rebuttal testimony of Timothy Harned (02-14-22)	<i>premarked</i>
10	Hampton and North Hampton: Testimony of No. Hampton Fire Chief Jason Lajoie (01-31-22)	<i>premarked</i>

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P R O C E E D I N G

CHAIRMAN GOLDNER: Okay. Sorry for the delay.

Good morning. I'm Commissioner Goldner. I'm joined by Commissioner Chattopadhyay.

We're here today for a hearing in Docket DW 21-093 regarding Aquarion Water Company's Petition for Approval of Franchise Expansion, Acquisition of Assets, and Application of Existing Tariff Rates associated with the extension of permanent water rates -- or, permanent water service, rather, to Wiggin Way, in the Town of Stratham.

Let's take appearances. Aquarion?

MS. CHIAVARA: Yes. Good morning, Commission.

This is Jessica Chiavara, on behalf of Aquarion Water Company of New Hampshire. And today I have with me Dan Venora, from Keegan Werlin, also on behalf of the Company.

CHAIRMAN GOLDNER: Okay. Thank you. Town of Hampton?

MS. LOWRY: Good morning. I'm Attorney

1 Susan Lowry for the Town of Hampton.

2 CHAIRMAN GOLDNER: Thank you.

3 *[Court reporter interruption and brief*
4 *off-the-record discussion.]*

5 CHAIRMAN GOLDNER: Town of North
6 Hampton?

7 MR. RICHARDSON: Good morning,
8 Commissioners, new and old. It's good to see you
9 this morning.

10 Justin Richardson, with NH Water Law,
11 here on behalf of the Town of North Hampton. In
12 the hearing room today, for those that can't see,
13 are North Hampton Fire Chief Jason Lajoie and
14 Chairman of the North Hampton Water Commission,
15 Mr. Tim Harned.

16 CHAIRMAN GOLDNER: Thank you.

17 MR. HARNED: Jason [Justin?], I'm not
18 the Chairman. I'm the Recording Secretary.

19 MR. RICHARDSON: My apologies.

20 CHAIRMAN GOLDNER: Very good. Wiggin
21 Way Homeowners' Association?

22 MR. REIMERS: Good morning, Mr. Chair.
23 Jason Reimers, with BCM Environmental & Land Law,
24 representing the Wiggin Way/Winterberry

1 Homeowners' Association. And with me today is
2 Steven Roy, President of the Association.

3 CHAIRMAN GOLDNER: Okay. Very good.
4 Department of Justice, on behalf of the New
5 Hampshire Department of Environmental Services?

6 *[No verbal response.]*

7 CHAIRMAN GOLDNER: Mr. Aslin? Is Mr.
8 Aslin on?

9 *[No verbal response.]*

10 CHAIRMAN GOLDNER: No. Okay. And the
11 New Hampshire Department of Energy?

12 MR. TUOMALA: Good morning,
13 Commissioners. Christopher Tuomala, attorney for
14 the Department of Energy. With me today is also
15 Suzanne Amidon, who is also an attorney for the
16 Department of Energy.

17 Thank you.

18 CHAIRMAN GOLDNER: Thank you. We
19 received a number of written public comments from
20 the Wiggin Way customers.

21 Are there any members of the public
22 that would like to make a comment on this matter?

23 Yes. Mr. Donohue.

24 MR. DONOHUE: Good morning,

1 Commissioner. Thank you for allowing me to
2 speak.

3 I've been a resident of the Wiggin Way
4 Homeowners' Association for approximately eight
5 years now. The public nature of this, of the
6 comment surrounding this entire application, has
7 been troubling to me. I think the arguments of
8 Hampton and North Hampton effectively boil down
9 to the fact that the Wiggin Way Homeowners'
10 Association covers homes that are of
11 above-average value, and, therefore, the
12 homeowner should fix it themselves.

13 That doesn't strike me as a valid legal
14 argument, and, in fact, it just seems to me more
15 of the "us versus them" politics that's being
16 played out on a much larger stage at the national
17 level right now.

18 The problem that we have is one of
19 water quality and water quantity. And the
20 relative affluence or poverty of who lives in the
21 neighborhood should not be a factor in deciding
22 whether or not we have adequate clean and safe
23 water to drink.

24 We are likely dealing with a legacy

1 problem due to the fact that arsenic was a common
2 pesticide used in farms. And drilling more wells
3 and *[audio interruption]* putting on filters *[?]*
4 won't go away. The Homeowners' Association has
5 reviewed the number of options that are available
6 to them. And hooking up our small neighborhood
7 of 39 homes, it's less than a fraction of one
8 percent -- a small fraction of one percent of the
9 Aquarion service area should not affect the Town
10 of Hampton and North Hampton in any significant
11 way that Aquarion can't remedy.

12 Finally, I would say that we do not
13 want to have a regime in which one town, the
14 residents of one town, or their representatives,
15 use water supply as a way to score political
16 points.

17 Thank you.

18 CHAIRMAN GOLDNER: Thank you. Is there
19 anyone else who wishes to make public comment?

20 *[No verbal response.]*

21 MR. REIMERS: Mr. Chair?

22 CHAIRMAN GOLDNER: Yes.

23 MR. REIMERS: I would request, we had
24 some written comments submitted, and we had an

1 outdated email address, and I'm making the
2 request that maybe through the end of business
3 tomorrow the Commission accept additional public
4 comment. We've been given, and we're giving out,
5 the proper email address to send that to, but
6 just to ensure that everyone has a chance, we'd
7 like till the end of the day tomorrow, if that's
8 okay with you?

9 CHAIRMAN GOLDNER: Okay. Yes, that's
10 acceptable. Thank you.

11 MR. REIMERS: Thank you.

12 CHAIRMAN GOLDNER: Okay. Very good.
13 Let's proceed.

14 So, Exhibits 1 through 10 have been
15 prefiled and premarked for identification. Any
16 material identified as "confidential" in the
17 filing will be treated as confidential during the
18 hearing.

19 Is there anything else that we need to
20 cover concerning exhibits?

21 MR. RICHARDSON: Thank you, Mr.
22 Chairman. If I may?

23 In this case, we had a procedural order
24 originally requiring Aquarion to file first.

1 After discussions, we agreed to modify the
2 schedule. So, there was an initial round of
3 testimony by all the parties, followed by reply
4 testimony, to give everyone a chance to come into
5 this hearing prepared today to see what the case
6 is about.

7 There's a couple of issues with the
8 exhibits in that regard. Exhibit 2 is a New
9 Hampshire Department of Environmental Services'
10 letter. It's been in the record in this
11 proceeding. I don't think that's in dispute.
12 But it wasn't attached to any of the prefiled
13 testimony.

14 So, in our filing, we did not respond
15 to it, in North Hampton's case, I think the same
16 would be true for Hampton, because no one had
17 said that it was going to be introduced as an
18 exhibit. And that's the norm. We prefile
19 testimony, we have attachments to it.

20 So, we think that that is an
21 appropriate document to be in the record, but we
22 would note our objection to that, and would think
23 it's more appropriate as like a public comment.
24 Obviously, people, the Commission, can look at

1 it, it can give it the weight it's due. But it
2 shouldn't be offered as an exhibit as if it is
3 evidence, because it wasn't prefiled.

4 There's a similar argument with the
5 pleadings that were filed. We agree those are
6 part of the record in this proceeding, but the
7 briefs that get submitted, and the replies, those
8 are arguments, and they're all appropriate for
9 this Commission to consider. But I am a little
10 puzzled by elevating some to the level of
11 exhibits, because we didn't do that in North
12 Hampton's case. That's not the normal practice
13 or procedure before the Commission, to make your
14 pleadings exhibits.

15 So, we'd just like the Commission to
16 observe those. They can be marked for
17 identification. But, really, it's the pleadings
18 that are in the record that are important,
19 regardless of whether they're offered as exhibits
20 or not.

21 The last concern that I have, and this
22 isn't really a formal objection, but Aquarion did
23 not submit an initial round of testimony, and
24 they did do reply testimony, which is

1 appropriate. But their testimony and reply goes
2 way beyond responding to what the Towns filed.

3 And I just note that and hope that the
4 Commission will allow us some leeway to address
5 those issues when we put our witnesses on,
6 because they didn't see any testimony from
7 Aquarion, the utility in this case, until the
8 same time we filed our own testimony.

9 CHAIRMAN GOLDNER: Okay. Does the
10 Company have any comments?

11 MS. CHIAVARA: Yes, we do. Thank you,
12 sir.

13 I think, first, addressing the DES
14 letter, there's nothing in the rules that says
15 this needs to be prefiled to be admitted as a
16 part of the record. Also, this is not a public
17 comment. It's a finding by a sister state
18 agency. And, so, I think it should be given more
19 weight due than a public comment.

20 If it weren't to be admitted as an
21 exhibit, I would ask that the Commission take
22 administrative notice of it, of this as a fact.

23 And, in regards to both the DES letter
24 and the briefs, under RSA 541-A:31, VI, there is

1 nothing that makes the briefs or the DES letter
2 automatically part of the record. So, they
3 should be admitted as exhibits to ensure that
4 they become a part of the record. Neither does
5 RSA 541-A:33 does not prohibit briefs or the DES
6 letter from being admitted as an exhibit, to
7 ensure that it has presence on the record. And
8 these are documents that go straight to the
9 central matters of this proceeding, and would
10 weigh heavily in any Commission decision in this
11 matter. So, given that, I would say that
12 admitting both the briefs and the DES letter as
13 full exhibits is appropriate in this matter.

14 And, as -- oh, sorry, as to Aquarion's
15 reply testimony, the procedural order allowed for
16 both testimony and initial briefs, and then both
17 reply testimony and reply briefs. It did not
18 specify anything that testimony was required
19 initially in order to -- in order to submit reply
20 testimony. There were no contingencies. It was
21 just, there was concurrent briefing and
22 concurrent testimony. And, so, the Company
23 believes that the reply testimony is appropriate
24 in this instance.

1 CHAIRMAN GOLDNER: Thank you. Mr.
2 Tuomala.

3 MR. TUOMALA: Thank you, Mr. Chair.

4 In this consideration, the Department
5 would side with Aquarion and its interpretation.
6 I don't see anything in the PUC rules that would
7 prohibit the DES letter. I believe that even
8 Rule 203.22(e) provides for material that's never
9 been presented to any of the parties should be
10 presented the day of the hearing. So, I would
11 argue that it should be admitted as a full
12 exhibit. That, because it wasn't admitted or
13 connected to previously filed testimony or
14 briefs, that that should not bar it at this
15 juncture.

16 I also agree with the briefs being
17 admitted as exhibits. I know that, in this new
18 world of hybrid hearings, the Commission has
19 admitted briefs in the past as evidence, so that
20 everyone at a virtual hearing knows exactly
21 what's presented for the Commission, and can
22 review as such, instead of just in the docket or
23 a docket reference. So, I would agree that those
24 should be admitted as an exhibit.

1 And I also do agree with the testimony
2 interpretation by Attorney Chiavara, that the
3 procedural order issued by the Commission did not
4 signify that it was "rebuttal testimony" or that
5 it should be limited at any scope. It merely
6 provides for "testimony" and "reply testimony",
7 and I believe that that's broader in scope than,
8 say, "rebuttal testimony". So, I would agree
9 again with Aquarion's counsel, in that the
10 testimony provided should be admitted or not
11 limited in any way.

12 Thank you.

13 CHAIRMAN GOLDNER: Thank you. Any
14 other comments from any of the parties?

15 MR. REIMERS: Jason Reimers, for Wiggin
16 Way.

17 I agree with both the Department of
18 Energy and Aquarion. Especially with regard to
19 Exhibit 2, Mr. Tuomala is right, that Puc Rule
20 203.22(e) does allow for exhibits to be
21 introduced at the hearing. And I note that
22 Exhibit 2 is kind of unique, in that it was -- it
23 is not a document being used by a party that they
24 have found, you know, that simply supports their

1 position. This is a letter from DES that is
2 written directly to the PUC.

3 And, so, I think that -- and it goes
4 directly to the key issues in this matter. So,
5 that should be admitted as an exhibit.

6 Thank you.

7 CHAIRMAN GOLDNER: Thank you. Is there
8 anyone here today that is able to testify to
9 Exhibit 2?

10 MS. CHIAVARA: DES only made a limited
11 appearance in this hearing. So, Chris Aslin is
12 not -- as counsel, is not here. There is no one
13 here from DES today.

14 But that's why I also suggested that,
15 if the Commission wished, they could take
16 administrative notice of this, since it is an
17 official regulatory-based position of a state
18 administrative agency. So, if it were not to be
19 admitted as an exhibit, we could take
20 administrative notice of it, and the facts would
21 still be entered into the record.

22 CHAIRMAN GOLDNER: Okay. Very good.
23 Mr. Richardson, any final comments?

24 MR. RICHARDSON: Thank you, Mr.

1 Chairman.

2 I think the references that are made to
3 what's required by the Administrative Procedures
4 Act and the Commission's rules merely beg the
5 question: "Well, if these documents are
6 important, then they should be attached to
7 testimony."

8 We wouldn't have had any objection to
9 considering the DES letter, if it had been
10 submitted in the initial round, then we would
11 have known that a party intended to make argument
12 or testimony about it. And that's really where
13 our problem and concern lies is, is that that
14 wasn't done in this case.

15 Everyone seems to think that the
16 document is very important. Well, if that's the
17 case, it could have been attached to a witness's
18 testimony and it would be perfectly appropriate.

19 And, so, that's why we'd like to follow
20 the more traditional approach that was laid out
21 by the Commission's procedural order, is to have
22 an initial round of testimony, followed by a
23 reply round, and stick to those documents. It
24 will make the hearing more clean and more

1 efficient, and avoid procedural issues with
2 allowing documents into the record as evidence
3 that weren't really noticed until the Joint
4 Witness List was submitted on Friday.

5 CHAIRMAN GOLDNER: Okay. Thank you.

6 MS. CHIAVARA: Chair Goldner, if I may?

7 CHAIRMAN GOLDNER: Yes. Go ahead.

8 MS. CHIAVARA: Thank you.

9 Not all documents are attached to
10 testimony that are submitted as exhibits.
11 Discovery is often submitted as exhibits, and
12 those -- any discovery that's entered as exhibits
13 is usually only -- is usually only raised with
14 the parties just days before the joint exhibit
15 list is submitted. The parties did that here.
16 We put the parties on notice that we wanted to
17 include the DES letter as an exhibit, much as we
18 would do a discovery response that we would want
19 included as a matter of the record.

20 And, so, I also disagree with Mr.
21 Richardson that this would disrupt in any way the
22 orderly proceeding of this matter, in that the
23 DES letter only contains a reaffirmation that the
24 Aquarion water system is still of adequate and

1 suitable supply to Wiggin Way.

2 CHAIRMAN GOLDNER: Okay. Very good.
3 So, we won't strike ID until the end of the
4 hearing. But, for purposes of the witnesses and
5 testimony, I'll take administrative notice of
6 Exhibit 2, and we'll allow testimony on the rest
7 of the exhibits. And, again, we won't strike ID
8 until the end. And the Commission will consult
9 with its attorney after testimony is complete.

10 *(Administrative notice taken.)*

11 CHAIRMAN GOLDNER: Okay. So, if that's
12 acceptable, let's move on to the next chapter.

13 Before we get started with the
14 witnesses, I'd like to hear from the parties
15 regarding the point of today's hearing. My
16 understanding is that Aquarion seeks Commission
17 approval pursuant to an order from DES, directing
18 Aquarion and the Town of Stratham to complete
19 steps for a permanent service interconnection,
20 including Commission approval for Aquarion to
21 expand service into Stratham and serve Wiggin
22 Way.

23 The Towns of Hampton and North Hampton
24 seek an 18.7 percent surcharge, which equates to

1 about \$6,000 annually, to be paid by Wiggin Way
2 customers for fire protection services provided
3 by the Towns of Hampton and North Hampton.

4 So, I'll start with Aquarion, and move
5 on to the other parties. Would you agree with
6 that summary, in terms of why we're here today?

7 MS. CHIAVARA: Yes. That sounds like
8 an accurate summary.

9 The Company is seeking a franchise
10 expansion, so that we can finish the work
11 required by the DES order. The franchise
12 expansion is the last regulatory step to
13 complete the mandate of the DES order here.

14 CHAIRMAN GOLDNER: Thank you. Town of
15 Hampton, would you care to comment?

16 MS. LOWRY: Thank you, Chair. Yes. I
17 agree with your characterization of the issues
18 here today.

19 I just want to say there was a public
20 comment earlier about the Towns opposing the
21 connection in the first place. And I want to
22 make it clear that today that is not the Town of
23 Hampton's position.

24 CHAIRMAN GOLDNER: Okay. Thank you.

1 Mr. Richardson?

2 MR. RICHARDSON: Thank you, Mr.
3 Chairman.

4 You may recall that, about a year ago,
5 in July, in this room, we had a hearing on the
6 scope of this matter. And, at the time, the
7 Commission had actually requested that the
8 parties brief the scope of this proceeding. And
9 I just direct your attention to that, and I'm not
10 going to reiterate all the arguments that we
11 made.

12 But I think that one of the important
13 points was that there is an ongoing obligation in
14 a proceeding to consider the rate impact,
15 whenever a utility does something and what the
16 rate effect will be. Because the requirement for
17 "just and reasonable rates" is not something that
18 exists only at the time of the rate case, it's an
19 ongoing duty. And, so, that's why we raised
20 those concerns.

21 And the presiding officer, I'm drawing
22 a blank, the former Chair of this Commission, in
23 issuing an order granting the Towns'
24 interventions, said that our participation would

1 specifically help shed light on that issue.

2 And, so, that is -- I agree with your
3 testimony, that's why we're here. But, in
4 addition, we're also here to examine whether or
5 not this franchise expansion will have any
6 impacts on rate subsidization.

7 CHAIRMAN GOLDNER: Okay. Thank you.

8 MR. RICHARDSON: Thank you.

9 CHAIRMAN GOLDNER: Thank you. Okay.
10 Mr. Reimers?

11 MR. REIMERS: I agree with your
12 characterization of it. Thank you.

13 CHAIRMAN GOLDNER: Thank you. And Mr.
14 Tuomala?

15 MR. TUOMALA: Thank you, Mr. Chair.

16 The Department agrees that this is a
17 franchise expansion request by Aquarion. And,
18 also, additionally, the Towns have requested that
19 a 18-19 percent surcharge be placed on this small
20 community because of that franchise expansion.

21 CHAIRMAN GOLDNER: Okay. Thank you,
22 Mr. Tuomala. Okay. So, seeing no objections,
23 let's move forward.

24 Are there any other preliminary matters

1 before we have the witnesses sworn in?

2 [No verbal response.]

3 CHAIRMAN GOLDNER: No. Are there any
4 objections to the witnesses and the prefiled
5 testimony?

6 (Attorney Tuomala indicating in the
7 negative.)

8 CHAIRMAN GOLDNER: No? Okay. So,
9 let's proceed with the witnesses. Mr. Patnaude,
10 would you please swear in the panel.

11 [Court reporter inquiry regarding who
12 shall be sworn in at this time.]

13 CHAIRMAN GOLDNER: So, I think what I
14 would suggest to the parties is that we swear in
15 all of the witnesses, that's Mr. Walsh, Szabo,
16 McMorran, Roy, Harned, and Lajoie. And, then, we
17 can -- you know what? Let's just swear in the
18 Aquarion witnesses. Yes. Let's just start with
19 the Aquarion witnesses please.

20 (Whereupon **John P. Walsh, Debra A.**
21 **Szabo,** and **Carl McMorran** were duly
22 sworn by the Court Reporter.)

23 CHAIRMAN GOLDNER: Thank you. We'll
24 move to direct examination, and I'll recognize

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 Ms. Chiavara.

2 MS. CHIAVARA: Thank you, Chair.

3 **JOHN P. WALSH, SWORN**

4 **DEBRA A. SZABO, SWORN**

5 **CARL McMORRAN, SWORN**

6 **DIRECT EXAMINATION**

7 BY MS. CHIAVARA:

8 Q Beginning first with Mr. Walsh. Mr. Walsh, can
9 you please state your name and the title of your
10 role at Aquarion?

11 A (Walsh) My name is John Walsh. I'm the Vice
12 President of Operations and Utility Innovation
13 for Aquarion Water Company of New Hampshire and
14 its affiliates.

15 Q And what are the responsibilities of your role
16 with the Company?

17 A (Walsh) I oversee the aspects of the day-to-day
18 operations of Aquarion Water Company of New
19 Hampshire and Massachusetts. And I'm responsible
20 for directing the Company's water quality
21 programs to ensure the provision of safe,
22 high-quality water for our customers. I also
23 lead the Company's program to adopt strategically
24 innovative systems and approaches to increase the

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 value for customers and stakeholders, including
2 improving water quality, enhancing reliability,
3 and reducing costs.

4 Q And have you ever testified before this
5 Commission?

6 A (Walsh) Yes.

7 Q Thank you. Did you file testimony and
8 corresponding attachments as part of the filing
9 on February 14th, 2022, marked as "Exhibit 5"?

10 A (Walsh) Yes.

11 Q And was this testimony prepared by you or at your
12 direction?

13 A (Walsh) Yes.

14 Q Do you have any changes or updates to make at
15 this time?

16 A (Walsh) No.

17 Q So, do you adopt your testimony today as it was
18 written and filed?

19 A (Walsh) Yes.

20 Q Thank you very much. Turning to Ms. Szabo now.
21 Ms. Szabo, can you please state your name and the
22 title of your role at Aquarion?

23 A (Szabo) Good morning. My name is Debra Szabo.
24 I'm employed by Aquarion Water Company of

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 Connecticut, an affiliate of Aquarion Water
2 Company of New Hampshire, as the Director of
3 Rates and Regulation.

4 Q And what are the responsibilities of your role
5 with the Company?

6 A (Szabo) As the Director of Rates and Regulation,
7 I'm responsible for preparation and presentation
8 of rate cases and other state regulatory filings
9 for Aquarion's operating affiliates, including
10 New Hampshire.

11 Q Have you ever testified before this Commission?

12 A (Szabo) Yes, I have.

13 Q Great. And did you file testimony and
14 corresponding attachments as part of the filing
15 on February 14th, 2022, marked as "Exhibit 5"?

16 A (Szabo) Yes.

17 Q Was this testimony prepared by you or at your
18 direction?

19 A (Szabo) Yes.

20 Q And do you have any changes or updates to make at
21 this time?

22 A (Szabo) No, I do not.

23 Q So, do you adopt your testimony today as it was
24 written and filed?

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 A (Szabo) Yes.

2 Q Thank you. Finally, Mr. McMorran, could you
3 please state your name and the title of your role
4 at Aquarion?

5 A (McMorran) My name is Carl McMorran. I'm the
6 Operations Manager for Aquarion Water Company of
7 New Hampshire.

8 Q And what are the responsibilities of your role
9 with the Company?

10 A (McMorran) I oversee operations, maintenance,
11 capital improvements, and other administrative
12 activities for the Company.

13 Q Have you ever testified before this Commission?

14 A (McMorran) Yes, I have.

15 Q And did you file testimony and corresponding
16 attachments as part of the filing on
17 February 14th, 2022, that's marked as
18 "Exhibit 5"?

19 A (McMorran) Yes.

20 Q And was this testimony prepared by you or at your
21 direction?

22 A (McMorran) Yes.

23 Q Do you have any changes or updates to make to
24 that testimony at this time?

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 A (McMorran) No, I do not.

2 Q And, so, do you adopt your testimony today as it
3 was written and filed?

4 A (McMorran) Yes, I do.

5 Q Thank you very much. Now, my first question is
6 for Mr. Walsh. Mr. Walsh, could you briefly
7 summarize why a franchise expansion is needed
8 here?

9 MR. RICHARDSON: Mr. Chairman? May I
10 just note an objection or perhaps state my
11 confusion, because, normally, when, in a public
12 utility proceeding, once the prefiled testimony
13 is adopted, if there's not any changes, then the
14 witnesses are normally made available for
15 cross-examination. I haven't prepared a direct
16 presentation for our witnesses, because that's
17 not normally the procedure.

18 Are we following a different course in
19 this proceeding or --

20 CHAIRMAN GOLDNER: No. I think the
21 normal proceeding is that we just start with the
22 Company, the Company does direct, and then each
23 of the parties have an opportunity to cross.
24 Then, we move to any other witnesses, and allow

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 the attorney to direct, and then allow the rest
2 of the parties cross. That's our normal process.

3 MR. RICHARDSON: Understood. But I
4 guess my concern or my objection is, is that, you
5 know, we prefiled testimony, so that that is the
6 direct. It's prefiled direct testimony, so that
7 we don't have to do a live direct, which I,
8 obviously, haven't prepared for a live direct to
9 do my cross today. I've been focused solely on
10 what is in the documents submitted.

11 CHAIRMAN GOLDNER: Yes. I can say that
12 the sort of normal procedure is that we allow
13 direct to be as a sort of amplify or pull out
14 some of the key elements of the testimony,
15 without rereading the testimony or without going
16 through all the testimony, just pulling out the
17 key elements, for purposes of all the parties, so
18 they can get a good understanding of what was in
19 the testimony. So, that's the way we have
20 normally proceeded.

21 But, I think, when it comes to your
22 turn for direct, I think that's fine. There's no
23 problem with your approach.

24 MR. RICHARDSON: Thank you.

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 CHAIRMAN GOLDNER: Okay. Thank you.

2 Okay. Ms. Chiavara, please process.

3 MS. CHIAVARA: Thank you. I'll just --

4 I'll repeat the question for Mr. Walsh.

5 BY MS. CHIAVARA:

6 Q Mr. Walsh, could you just briefly summarize why a
7 franchise expansion is needed here?

8 A (Walsh) Well, the order by the Department of
9 Environmental Services attached to our Petition,
10 in Exhibit 1, and discussed throughout this
11 docket, requires the interconnection between
12 Aquarion's water system and the Wiggin Way water
13 system to be made permanent, including obtaining
14 franchise expansion approval by the Commission.

15 The Company also needs the franchise
16 expansion, if approved, if Wiggin Way customers
17 are to receive permanent water service,
18 Aquarion's tariff requires customers to be
19 individually metered. Right now, there is just
20 one meter at the interconnection. The tariff
21 requires individual metering for franchise
22 customers, so the customers pay only for their
23 individual usage.

24 Q Thank you. And, Mr. McMorran, what would occur

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 upon the Commission granting a franchise
2 expansion?

3 A (McMorran) Well, we'd proceed with assuming
4 ownership of the assets of the Wiggin Way system.
5 That would involve putting a bypass pipe around
6 an existing pump house, which is not needed.
7 Also, each residential home would have to make
8 plumbing changes, so we could install a water
9 meter. That would put us into a position then to
10 finalize the Asset Transfer Agreement, convert
11 those customers to regular year-round customers
12 for us. And that would complete the requirements
13 of the DES order.

14 Q And, Mr. McMorran, all of these -- all of this
15 work that you just mentioned, will that be paid
16 for inclusively by Wiggin Way?

17 A (McMorran) Yes.

18 Q Thank you. Ms. Szabo, Mr. Harned, of North
19 Hampton, claims in his rebuttal testimony that
20 the costs incurred and the revenues generated by
21 the Wiggin Way customers as reported by Aquarion
22 are not reliable. Is that the case?

23 A (Szabo) No. Our calculations regarding the costs
24 and revenues of the Wiggin Way customers provided

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 as discovery responses to North Hampton 1-9 and
2 1-10, included in Exhibit 3, Bates Pages 011 and
3 012, are reliable.

4 Mr. Harned's calculations are incorrect
5 for the following reasons: First, regarding
6 revenue, Mr. Harned assumes that revenues are
7 generated on the seasonal tariff rate, but Wiggin
8 Way has been on the year-round rate since 2019.
9 Additionally, the revenues that he's quoted are
10 based on an average homeowner's usage, it's not
11 based on Wiggin Way's actual consumption.

12 The \$33,130 and \$34,942 revenue
13 calculations that we provided for the years 2019
14 and 2020 were not the result of charging the
15 seasonal rate. They are based on the year-round
16 rate and actual consumption. They include a
17 fixed monthly service charge based on the one
18 2-inch meter at the interconnection, plus usage
19 and WICA surcharges. This amount will change
20 when the customers become individually metered,
21 as there will now be 43 metered customers paying
22 a fixed monthly service charge. This increases
23 the service charge revenue from \$1,495 to \$8,050.
24 Consumption rates will be billed at the same

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 rate, so that will be unchanged.

2 Even if his calculations in gross
3 revenues were correct, which it's not, Wiggin Way
4 would still be generating more revenue than the
5 cost incurred for the ongoing operation and
6 maintenance of this system.

7 Regarding the costs, while the costs
8 for Wiggin Way that the Company provided in our
9 discovery response to North Hampton 1-2,
10 Exhibit 3, Bates Page 012, were estimated, they
11 were calculated based on the Company's variable
12 production costs. So, these numbers, while not
13 exact, are still reliable.

14 Mr. Harned claims that the Company only
15 included variable costs, and overlooked other
16 costs, such as fixed costs, depreciation, and
17 administrative and general costs, is not
18 accurate. Wiggin Way is paying a tariff rate
19 designed to recover fixed and variable costs,
20 depreciation, and admin. and general costs.

21 The data request asked that the Company
22 provide information about costs specific to
23 Wiggin Way, which is why we provided the estimate
24 of variable production costs. We don't own the

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 system assets. So, there's no incremental
2 depreciation to consider. Additionally, the
3 assets will be contributed to us, which again
4 means there will be no incremental depreciation
5 expense.

6 In response to DOE 1-3, included in
7 Exhibit 3, Bates Page 014, the Company provided
8 an estimate of incremental O&M costs, once the 43
9 customers are metered, of -- excuse me -- of
10 approximately \$1,000, based on service calls,
11 meter reading, and inspections.

12 Q Thank you. Now, Ms. Szabo, once the Wiggin Way
13 customers become individually metered customers
14 on the year-round tariff rate, how will the costs
15 versus the revenues generated change? And,
16 specifically, will the revenue Wiggin Way
17 customers generate continue to cover the ongoing
18 costs for operation and maintenance of the Wiggin
19 Way system?

20 A (Szabo) Since consumption is going to be billed
21 at the same rate, whether through the existing
22 interconnection or the 43 individual meters, the
23 only change that would occur, from a revenue
24 standpoint, is related to the fixed monthly

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 charge. As stated earlier, this will increase
2 from \$1,495, to \$8,003 [\$8,050?], that's the
3 annual amount, reflecting the additional meters.
4 This more than offsets the estimated \$1,000 of
5 incremental O&M costs I just mentioned. This
6 will treat Wiggin Way equally to all other
7 Aquarion customers.

8 Q Okay. So, to be clear, the Company can
9 definitively say that Wiggin Way customers are
10 presently, and will continue in the future, to
11 pay a sufficient amount under the year-round
12 tariff rate to cover all related costs to serve
13 them, and operate and maintain their system?

14 A (Szabo) Yes.

15 Q Thank you. Now, Mr. McMorran, Mr. Harned also
16 testified that there is no way for Aquarion to
17 know the state, and therefore the cost, of the
18 Wiggin Way water system, because it does not have
19 construction plans or leakage rates for the
20 system. Mr. Harned assumes that Wiggin Way
21 system is constructed with "substandard materials
22 that could hypothetically require future planned
23 or emergency replacements that would incur
24 greater costs than North Hampton's or Hampton's

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 system." Do you have any reason to think this
2 claim is true?

3 A (McMorran) Well, if the term "substandard" is
4 meant to mean "lesser quality" or "unacceptable
5 quality" materials to serve Wiggin Way, I don't
6 think it's true. Because the pipe we can observe
7 in the pump house is of satisfactory quality to
8 meet all the operating requirements. So, we've
9 been providing water to the system for almost
10 five years, and we haven't observed any problems.

11 Q And is there a greater or lesser likelihood that
12 these hypothetical replacements to the Wiggin Way
13 system would occur as compared with similar
14 replacements that might be needed by either the
15 Towns of Hampton or North Hampton?

16 A (McMorran) Well, in my opinion, I think it's a
17 lower likelihood. I think these pipes can be
18 expected to last for decades. Because it's PVC
19 pipe, it's not subject to corrosion like iron or
20 other metallic pipes are. And, again, the Wiggin
21 Way system has been in service for over 20 years,
22 and has not experienced any issues to my
23 knowledge.

24 Q Thank you. Ms. Szabo, Mr. Harned testified that

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 it's unfair for Hampton and North Hampton to bear
2 the speculative costs of future repairs to the
3 Wiggin Way system, when they don't pay fire
4 protection charges like Hampton and North Hampton
5 do. Are these two things related?

6 A (Szabo) No, they are not. The first relates to
7 ongoing operation and maintenance expenses of the
8 system, which Mr. McMorran just explained will
9 not create a cost burden for the Towns in this
10 instance, as the Wiggin Way system is no more
11 likely to need repairs than any other part of the
12 Aquarion system.

13 The other matter is entirely separate,
14 that of fire protection service charges. These
15 are determined by a municipality. Fire
16 protection charges have no bearing on the Wiggin
17 Way system, as Wiggin Way has no hydrants.

18 Q Thank you. And, Mr. Walsh, on the subject of
19 fire protection charges, it is the Towns' other,
20 and perhaps primary, contention that an 18.7
21 percent surcharge is required in order for the
22 Commission to reach a "public good" finding to
23 approve this limited franchise expansion. Is
24 there any basis for this claim?

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 A (Walsh) Absolutely not. Any surcharge on the
2 customers of Wiggin Way would be discriminatory
3 and not permitted by Aquarion's tariff. First,
4 the claims in Mr. Harned's testimony that there
5 are significant benefits conferred on the Wiggin
6 Way customers from the fire protection charges
7 the Towns pay is completely unfounded.

8 Even the North Hampton fire chief
9 testified that this pertains to one hydrant
10 located on Winterberry Lane, in North Hampton.
11 And the entire discussion of its use for Wiggin
12 Way was hypothetical. There are no other facts
13 supporting benefits that Wiggin Way receives from
14 the Towns' fire protection charges. There's also
15 no basis for imposing a surcharge on customers in
16 one town to offset or subsidize the fire
17 protection charges that other towns pay.

18 Public fire protection charges are
19 established by a municipality. Wiggin Way,
20 located entirely in the Town of Stratham, will
21 receive no fire protection service from Aquarion.
22 And, in fact, it's our understanding that Wiggin
23 Way currently receives fire protection from the
24 Town of Stratham.

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 There is nothing that supports a town
2 that receives no fire protection service paying
3 for the fire protection service of others located
4 in neighboring municipalities through water
5 service rates.

6 Finally, as we've said in the Petition,
7 and every filing we've made in this docket, the
8 purpose of establishing permanent water service
9 is to provide a definitive remedy to a very real
10 public health hazard to the people of Wiggin Way,
11 that of unacceptable arsenic levels in the water
12 and inefficient water supply. This public good
13 should not be conditioned upon an unreasonable
14 and unsupported surcharge.

15 Q Thank you, Mr. Walsh. Finally, will applying
16 Aquarion's year-round tariff rate to the
17 permanent water service for Wiggin Way customers
18 result in just and reasonable rates for all
19 Aquarion customers?

20 A (Walsh) Yes, it will.

21 MS. CHIAVARA: Thank you. That is all
22 I have for direct exam.

23 CHAIRMAN GOLDNER: Thank you, Ms.
24 Chiavara. We'll move to cross-examination. And

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 we'll start with Wiggin Way, and I'll recognize
2 Mr. Reimers.

3 MR. REIMERS: Thank you, Mr. Chair.

4 **CROSS-EXAMINATION**

5 BY MR. REIMERS:

6 Q Ms. Szabo, you mentioned "WICA charges". Has
7 Wiggin Way been paying WICA charges?

8 A (Szabo) Yes, they have.

9 Q Okay. And have they been receiving the benefit
10 of those WICA charges?

11 A (Szabo) Well, the WICA charges are based on main
12 improvements. So, to the extent that, you know,
13 the water is flowing through the system to get to
14 Wiggin Way, indirectly, I would presume they
15 would be benefiting. But the actual -- if the
16 question is regarding the actual project, you
17 know, each WICA surcharge is based on an actual
18 capital improvement, there have been no capital
19 improvements within the Wiggin Way system under
20 the WICA Program.

21 Q Okay. Have there been capital improvement
22 projects under the WICA Program in Hampton and
23 North Hampton?

24 A (Szabo) Yes, there have.

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 Q So, would it be fair to say that the WICA
2 surcharges that Wiggin Way has been paying have
3 benefited the Towns of Hampton and North Hampton?

4 A (Szabo) Yes.

5 MR. REIMERS: Okay. I don't have any
6 further questions. Thank you.

7 CHAIRMAN GOLDNER: Thank you,
8 Mr. Reimers. We'll move to the Town of Hampton,
9 and Ms. Lowry.

10 MS. LOWRY: Thank you, Chair. I
11 actually defer my position in this
12 cross-examination to North Hampton's counsel,
13 Attorney Richardson.

14 CHAIRMAN GOLDNER: Thank you. I'll
15 recognize Mr. Richardson.

16 MR. RICHARDSON: Thank you, Mr. Chair.
17 Good morning, members of the panel. I'm going to
18 try to ask questions and anticipate the person
19 that can answer them. But, if you feel that
20 you're not the appropriate person, feel free to
21 let me know as we go along, and we'll try to get
22 to the -- try to get to the best person to
23 answer.

24 BY MR. RICHARDSON:

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 Q Ms. Szabo, why don't I start with you, with that
2 caveat. And I want to talk about or get my
3 understanding of what the purposes of the fire
4 protection charges that are paid by the town are.
5 And I'm wondering if you would agree with my
6 assessment that these are charges that are
7 essentially paid by the Towns of Hampton and
8 North Hampton, and also in Rye, to build extra
9 capacity into the system so they can meet the
10 higher fire flows. Is that agreeable?

11 A (Szabo) Yes.

12 Q Okay. So, that means -- and those fire flows are
13 higher than what's required for the typical peak
14 water service day demand. And there's an
15 allocation of about 19 percent in your Company's
16 revenue requirement for the cost to maintain
17 those higher flows?

18 A (Szabo) That's correct.

19 Q Okay. So, aren't those higher flows what enables
20 Aquarion to maintain pressures throughout the
21 system that actually serve Wiggin Way? I mean,
22 if we didn't have to maintain flows of, say, a
23 thousand gallons per minute to serve the
24 hydrant -- the hydrants on Winterberry Avenue, we

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 couldn't necessarily deliver the same amount of
2 water to Wiggin Way?

3 A (Szabo) I'm going to defer to Carl or John to
4 answer. That's more of an operational question.

5 A (Walsh) Okay. I guess I'll take this one. So,
6 the question, really, if I understand your
7 question, you're suggesting that the capacity
8 that's built in for fire protection, so, in
9 particular, larger diameter mains, are, in fact,
10 benefiting Wiggin Way for the domestic use that
11 they will be receiving. And I don't think that's
12 the case. The mains are oversized to move
13 significant volumes of water for fire protection.
14 On an average day use, that diameter -- those
15 diameter mains are not necessary to move the
16 water that is needed.

17 Q But if, let's say, for example, then, if there
18 were no fire hydrants in the Town of North
19 Hampton or in Hampton, we could be providing
20 water service to Winterberry Lane with 8-inch
21 pipes, instead of with -- are they 12, I believe,
22 in that location?

23 A (Walsh) I'm not sure of the diameter pipe, like,
24 in Winterberry Lane. But could you repeat the

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 question? I'm not sure I'm following you.

2 Q Sure. If the extra capacity, the larger storage
3 tanks, the larger pipes, that allows a higher
4 volume of water to be delivered throughout the
5 system, and that's what Wiggin Way is tapping
6 into. And I'm not suggesting that's a bad thing.
7 I think that's an excellent benefit. But what
8 has resulted in the water being available to
9 Wiggin Way is the fact that the system has been
10 overbuilt for fire protection purposes?

11 A (Walsh) Yes. I don't think the system would have
12 to be -- no, I know the system would not have to
13 be built with, in particular, that diameter mains
14 that are in there to be able to provide the
15 domestic service to Wiggin Way.

16 Q Okay. Ms. Szabo, let me go back to you and see
17 if we can come after this question a different
18 way. I expect, I've looked at your 2019 report,
19 and that's in Exhibit 9, which is Mr. Harned's
20 testimony, but it's your 2019 Form A-6. And it
21 shows that there are, I believe, 9,450 customers
22 on Aquarion's system, is that right?

23 A (Szabo) Yes.

24 Q And, in North Hampton, I believe there are about

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 1,588 customers. Does that sound correct?

2 A (Szabo) Yes.

3 Q Okay. So, I'm looking -- now I'm going to
4 Exhibit 8, and at Page 8 of 13 of that *pdf*, which
5 is Mr. Harned's testimony. It's Aquarion's Form
6 S-1. Could you turn to that please for me?

7 A (Szabo) Okay.

8 Q All right. And, so, that shows that, in 2019,
9 fire protection customers paid a total of
10 "1,314,725". And that number is correct, right?

11 A (Szabo) Yes.

12 Q And you agree with me that that is 18.7 percent
13 of the Company's total water revenues in 2019,
14 which are \$7,032,417?

15 A (Szabo) Yes.

16 Q Okay. I want to look at the North -- and that
17 works out to about, if we were to take 9,541
18 customers, that's about \$138 per customer, on
19 average, in 2019?

20 A (Szabo) Are you asking me to verify your math?

21 Q Yes. Well, you know, I'll represent to you that,
22 if we were to take that 1.3 million, and then
23 divide that by the total revenues of 7 million,
24 we end up with about \$138. Does that sound

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 correct to you?

2 A (Szabo) Yes.

3 Q Okay. If we were to look at this a different
4 way, and I want to go to Mr. Harned's testimony.
5 It's, again, one of your schedules. So, it's
6 Exhibit 9., and it's Page 15 of the *pdf*. Excuse
7 me. That's your Form A-6. Let me find the
8 correct document there.

9 I believe the document I'm looking for
10 is John Guastella's schedule from the Company's
11 rate case. And let's see here. Well, Exhibit 9,
12 at Page 15, that shows the "1,588 customers".
13 And, then, when we look at Mr. Guastella's
14 schedules -- why don't I see those here?

15 I apologize. It was Exhibit 8. And I
16 was looking at the wrong document. So, let me
17 pull up 8 now. And I'm looking at Page 9 of
18 Exhibit 8. That's the *pdf* Page 9. And this
19 document is marked "Exhibit JFG-1". And it says
20 on the top "Aquarion Water Company Comparison of
21 Present and Proposed Rates and Revenues".

22 A (Szabo) Okay.

23 Q Okay. So, let's go down near the bottom, where
24 Mr. Guastella has calculated "Annual Public

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 Charge by System". And, before I ask you about
2 that, are you aware of any errors in this
3 spreadsheet? This Mr. Guastella's calculations I
4 assume are correct?

5 A (Szabo) They are. But I would have to go back
6 and check that docket, because I know we did
7 refile certain exhibits. So, I don't know if
8 this is the latest one.

9 Q Okay. Well, let's look at the line near the
10 bottom, where it says "Annual Public Charge by
11 System". And then, you see it lists "Hampton",
12 475,000, and that's under the column "Present
13 Revenue", and "North Hampton" is "\$259,321".

14 A (Szabo) Okay.

15 Q Are those numbers correct, as far as you know?

16 A (Szabo) As far as I know.

17 Q Okay. All right. So, if we were to take the
18 1,588 customers in North Hampton, and divide the
19 \$259,321 in fire protection revenue that the Town
20 is charged, that works out to about \$163 per
21 customer?

22 MS. CHIAVARA: Excuse me. Chair
23 Goldner, I have an objection to this.

24 This is using information from a

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 parallel docket that's an active matter to which
2 the Towns are already a party. There is no basis
3 in which to validate this analysis. And the more
4 appropriate forum, this is far outside of the
5 scope of this proceeding, and belongs as a
6 discussion in the Aquarion rate case.

7 CHAIRMAN GOLDNER: Mr. Richardson.

8 MR. RICHARDSON: This is being offered
9 to show what North Hampton customers and Hampton
10 customers are paying for fire protection charges,
11 that Wiggin Way customers are essentially not
12 paying at all. And we think that's important,
13 because it shows a discrepancy in the proposed
14 rates.

15 CHAIRMAN GOLDNER: So, I think, if I
16 can shortcut it. I think you're saying what I
17 said at the outset, which is the total amount in
18 dispute is something approaching \$6,000, right?
19 It's \$160 times 43, in your math, right?

20 MR. RICHARDSON: That's -- yes, \$163 is
21 what I have in my notes here. This also shows
22 the proposed rate increase, which is, obviously,
23 relevant to be aware of, because we know, with
24 the pending rate case, these numbers are going to

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 be subject to change.

2 CHAIRMAN GOLDNER: Okay. I think the
3 Commission understands where you were going, your
4 point. And, if you're okay with moving on, I
5 think we've grasp what you were trying to
6 accomplish?

7 MR. RICHARDSON: Sure. And, if I may
8 just ask the witness to confirm the calculation
9 of the existing rate and the proposed, and then
10 I'm happy to move on with this. I think that
11 would be helpful for the record.

12 CHAIRMAN GOLDNER: Okay. Ms. Chiavara,
13 any objection?

14 MS. CHIAVARA: No, that's fine. Thank
15 you.

16 BY MR. RICHARDSON:

17 Q So, Ms. Szabo, I'll represent to you that, when
18 we divide the \$259,000 figure that's on Page 9 of
19 Exhibit 8, by the number of customers in North
20 Hampton, that works out to \$163 per customer per
21 year. Does that sound right?

22 A (Szabo) Yes. I will agree that that is the
23 correct math. I'm hesitant to call that "the
24 rate that we charge per customer", because we

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 don't charge that rate. That's what --

2 Q Right.

3 A (Szabo) That's what the Town has calculated. But
4 that's not a tariffed rate that we charge.

5 Q Uh-huh. The rate that the Town is charged, at
6 least in the 2019 test year, would be the
7 \$259,321, it goes to the Town, and then the Town
8 collects through its tax bills?

9 A (Szabo) Correct.

10 MS. CHIAVARA: Excuse me. Okay. Chair
11 Goldner, I thought we were going to move on from
12 this?

13 CHAIRMAN GOLDNER: Mr. Richardson, are
14 you comfortable moving on?

15 MR. RICHARDSON: One last question,
16 just to move to the proposed rate. I think we
17 just covered what I wanted to do from the
18 beginning, though. So, that's --

19 MS. CHIAVARA: Then, I reiterate my
20 objection, that the proposed rate is not relevant
21 to the scope of this proceeding. We are only
22 considering existing tariff rates. And proposed
23 rates are the topic of the Aquarion rate case.

24 CHAIRMAN GOLDNER: Yes. I'll sustain

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 the abjection -- I'll sustain the objection,
2 rather. So, yes. Please move on, Mr.
3 Richardson.

4 MR. RICHARDSON: Sure.

5 BY MR. RICHARDSON:

6 Q Ms. Szabo, are you familiar with the PUC's rate
7 calculation? And that's in Exhibit 9, and
8 it's -- I'm looking at Page 7 of Exhibit 9. It's
9 Bates Page 007 -- 020, excuse me.

10 A (Szabo) Okay. Yes.

11 Q Yes. And you see, obviously, Aquarion is, at
12 least according to the Commission's calculation,
13 its rate is "\$572.52". That's its average
14 residential customer rate, I assume a 5/8ths inch
15 meter, right?

16 A (Szabo) Yes. And also based on an assumed
17 consumption rate and a WICA charge that was in
18 place at that time of 6.72 percent, which is now
19 currently 7.5 percent.

20 Q And the assumed consumption rate of "7,700 cubic
21 feet", correct me if I'm wrong, but I went and
22 did the calculation of your volumes of gallons
23 sold, and your typical customer is somewhere in
24 that ballpark, is that right?

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 A (Szabo) That seems like a reasonable number.

2 Q Okay. So, help me understand this, because I
3 heard you say, in your direct testimony, for the
4 first time today, that Aquarion's -- excuse me,
5 Wiggin Way isn't currently charging the seasonal
6 rate to customers. So, the 33,000 in 2019 that
7 was charged to Wiggin Way customers was at the
8 residential rate, but with only one fixed charge,
9 is what I heard you say today?

10 A (Szabo) It was based on the year-round rate. The
11 fixed charge was for the one meter that's
12 currently in place. So, it was charged at the
13 2-inch meter rate for the full year. So, it has
14 a fixed monthly charge, plus a consumption rate.

15 Q Okay. And what is the fixed charge for the
16 2-inch meter?

17 A (Szabo) The fixed charge for the 2-inch meter is
18 \$124.87 per month.

19 Q And what's that work out to a year? I didn't
20 have my calculator out.

21 A (Szabo) It works out to about \$1,500.

22 Q 1,500. Okay. So, why, if I were to just take
23 this rate that is in the PUC's -- well, if I
24 looked at your response to the data request, so,

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 I'm going to go to Exhibit 9. Let's look at the
2 revenues. We're on Page 13 of Exhibit 9. And I
3 don't understand why, when I take that number,
4 the 33,000, and I divide that by the 43
5 customers, I get about \$770 per customer. So,
6 why is Wiggin Way higher than what the PUC is
7 reporting?

8 A (Szabo) Well, I don't have -- I didn't provide
9 the math on what's in the PUC schedule. But the
10 computation for what I provided was based on
11 actual consumption and the monthly fixed service
12 charge, plus WICA surcharges.

13 So, our 2019 consumption in Wiggin Way
14 was 6,120 ccf. And that's charged at a rate of
15 \$4.53 -- \$4.53 per ccf.

16 Q Okay.

17 A (Szabo) And you add the \$125 a month, and then
18 you have WICA surcharges on top of that.

19 Q All right. And, so, that -- but that calculation
20 is what resulted in the \$33,000 charge in 2019,
21 and that worked out to about \$770 per customer?

22 A (Szabo) Right.

23 Q Okay. So, is this then attributable to the fact
24 that the consumption that is in the Wiggin Way

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 system is generally higher than the rest of the
2 Aquarion system, which kind of resulted in that
3 \$572 figure? I'm trying to figure out why that
4 per customer rate is higher than what the PUC
5 charges -- or, the PUC estimates, excuse me.

6 A (Szabo) Again, I don't have the calculation
7 behind how that \$572 was derived. I only have
8 the actual consumption that went through the one
9 2-inch meter at Wiggin Way, both in 2019, it was
10 the 6,120 ccf; in 2020, it was 6,838 ccf,
11 contributing to \$34,942 of revenue.

12 Those are known amounts. So, I can
13 speak to those. But I cannot speak to the 572
14 without seeing the components of the calculation.

15 Q Okay. But does the "572" sound wrong to you?

16 A (Szabo) The 572, like I said, I can't answer that
17 right now. I mean, I think it sounds reasonable,
18 but it's also based off of a much larger customer
19 base. So, it's an average number, could be
20 playing into it.

21 Q Okay.

22 MS. CHIAVARA: Chair Goldner, the
23 witness has been asked this more than once now,
24 and she says that she does not have the

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 information needed to support or validate the
2 truth or why the basis for this number. I'd ask
3 that we move on.

4 MR. RICHARDSON: I'm done with this
5 line of questioning. That's the same conclusion
6 I reached.

7 BY MR. RICHARDSON:

8 Q I have some questions for I believe it's Mr.
9 McMorran, if I could. And I want to turn you to
10 Exhibit 9. Do you have that document in front of
11 you?

12 A (McMorran) I will. Exhibit 9, yes.

13 CHAIRMAN GOLDNER: And, Mr. Richardson,
14 if you could refer to the Bates page. There's
15 two page numbers, so --

16 MR. RICHARDSON: Yes.

17 CHAIRMAN GOLDNER: Thank you.

18 MR. RICHARDSON: Yes. Certainly. I
19 wasn't sure what's more useful, because they're
20 separate *pdfs*. So, if I give you the Bates
21 number, then it won't take you to the right *pdf*
22 page in the *pdf*.

23 CHAIRMAN GOLDNER: Okay.

24 MR. RICHARDSON: Do you prefer the

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 Bates?

2 CHAIRMAN GOLDNER: If you just specify
3 it, that would be helpful.

4 MR. RICHARDSON: Sure.

5 BY MR. RICHARDSON:

6 Q Okay. So, I want to go to Bates Page 022, which
7 is *pdf* Page 9 in Exhibit 9. Let me know when you
8 have that in front of you.

9 A (McMorran) Yes. Page 9 of Exhibit 9.

10 Q Okay. So, in this question, North Hampton asked
11 you to provide the construction plans and
12 specifications for the system, so we could figure
13 out how it was made. And it looks like this
14 document is your answer. And you say that that
15 information, and I'll quote, "is not in
16 Aquarion's custody or control to provide and
17 should be requested from Wiggin Way."

18 So, I guess my question to you is,
19 based on this answer, how does Aquarion know what
20 it's getting into? It almost looks like, if you
21 haven't looked at the construction plans, we're
22 going into this blind?

23 A (McMorran) Well, I just repeat the information
24 that I gave before, is the pipe we can see is in

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 the pump house, it's PVC that meets our pressure
2 requirements. The system has been functioning
3 for over 20 years without any problems. There's
4 no --

5 Q But --

6 A (McMorran) There's no expectation that it's going
7 to turn around and fail anytime soon.

8 Q But you're basing that on just one section of
9 pipe that you can see in the pump house, without
10 looking at how the pipe was buried, what
11 materials were used. You don't have the
12 construction plans. You don't have the
13 specifications. Why wouldn't you look for that?

14 A (McMorran) Well, I don't think that that
15 information is available. It's not been provided
16 to us by Wiggin Way, which is the context for our
17 answer.

18 Q Uh-huh. But your answer --

19 A (McMorran) But there's no evidence to the
20 contrary. I think it's just an assumption. In
21 fact, the system has been functioning fine for 20
22 plus years.

23 Q Okay. Let's turn a couple -- let's turn to the
24 next page. And it asks you, on Page 10, or Bates

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 Page 023 of Exhibit 9, for sanitary surveys. And
2 we asked for the two most recent sanitary surveys
3 for the Wiggin Way system. And it was, again,
4 the same answer. I'm looking at, this is
5 Mr. Lawrence's response, "it is not in Aquarion's
6 custody or control and should be requested from
7 Wiggin Way or the NHDES."

8 And I guess I'm surprised that you
9 wouldn't look at that to see if you believe the
10 system is fine. Don't you want to see what the
11 regulators say in their review of it?

12 A (McMorran) It doesn't matter, because we're
13 taking over the system per the DES order. And,
14 again, the Wiggin Way system to this day still
15 remains its own public water system. So, really,
16 the question should be directed to them.

17 Q But, in this proceeding, we're considering
18 whether it is in the public good for you to
19 acquire this. And, right now, we don't know what
20 the construction plans are, and Aquarion isn't
21 prepared to say whether there are unresolved
22 issues in the sanitary survey or not, because,
23 apparently, you didn't look at it before this?

24 A (McMorran) The DES has essentially made that

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 determination in ordering us to take it over.

2 There is no history of any problems with the

3 system.

4 Q Uh-huh. So, one of the ways we might determine
5 if there was a problem in the distribution system
6 would be to look at what the leakage rate is.

7 Would you agree with that statement?

8 A (McMorran) That would be interesting information.

9 Q Okay.

10 A (McMorran) But there's essentially no data to
11 answer that question.

12 Q And we asked for that information, I'm looking at
13 Bates Page 025 of Exhibit 9, which is also *pdf*
14 Page 12. And this was asking for water loss data
15 or estimates of water loss for the Wiggin Way
16 system, both during the period prior to the
17 connection to Aquarion and for the period
18 afterwards.

19 And the initial response, which came
20 from you I see, was the same: "This information
21 is not in custody or control of Aquarion."

22 A (McMorran) That's correct.

23 Q So, when you --

24 A (McMorran) There's no information on -- it's

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 impossible to calculate water loss, because the
2 individual homes are not metered.

3 Q Uh-huh.

4 A (McMorran) All we have is the gross volume that
5 goes into the distribution system.

6 Q But it's not difficult to, you have a meter at
7 the point of connection, the 2-inch meter, and
8 you could put telemetry on that. That's not
9 difficult to do, is it?

10 A (McMorran) It's not technically impossible.
11 There's an expense involved in that, obviously.

12 Q What is that expense?

13 A (McMorran) Well, to put telemetry on there, means
14 you've got to put some sort of transmitter,
15 you've got to transmit that data back to some
16 collection point, then be able to analyze that.

17 Q Uh-huh. And, if you were to do that, what would
18 that cost? About a thousand dollars or less?

19 A (McMorran) I can't speculate. It would be
20 thousands of dollars, but it all depends on what
21 the exact scope is.

22 Q So, less than 10,000?

23 A (McMorran) Probably.

24 Q Uh-huh. How do you currently read the meter?

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 A (McMorran) It's read once a month as part of the
2 regular metering reading program.

3 Q And do I understand correctly, you could put a
4 telemetry system on it that maybe Aquarion
5 already has, even on a temporary basis, to try to
6 find out what the leakage rate is?

7 A (McMorran) Again, it's technically possible, but
8 it would involve putting a completely different
9 kind of meter on there, and other telemetry to
10 get it into some sort of data recording system.

11 Q Uh-huh. And just for the benefit of the
12 Commission, it's not an uncommon practice for a
13 utility to look at leakage rates in a system like
14 this by looking at how much water is flowing,
15 say, at 2:00 or 3:00 in the morning, and that
16 would give you some evidence, when you're
17 expecting that water consumption is low?

18 MS. CHIAVARA: Excuse me. Attorney
19 seems to be testifying on behalf of North
20 Hampton. This is -- yes.

21 CHAIRMAN GOLDNER: Thank you. Can you
22 please proceed, Mr. Richardson?

23 MR. RICHARDSON: Thank you.

24 BY MR. RICHARDSON:

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 Q So, one reasonable approach to measure leakage
2 rates, would you agree with me, is to look at
3 what the flow rates are at 2:00 and 3:00 in the
4 morning, when customer consumption would be
5 expected to be low, you could measure water loss
6 at that time?

7 A (McMorran) That's a technique some utilities use.

8 Q Uh-huh. Does Aquarion ever use that in any of
9 its systems, either in NH or in other states?

10 A (McMorran) We don't do it in NH. I can't speak
11 to the other states. I'm not involved in those
12 operations.

13 CHAIRMAN GOLDNER: If I could, Mr.
14 Richardson, just to make sure we stay on point in
15 the hearing. At issue is -- isn't, you know,
16 "should Wiggin Way be connected to Aquarion?" At
17 issue I think is there's the case from the Town
18 that there is some surcharges or some additional
19 charges that the Town feels should be levied.

20 Is this line of questioning headed in
21 that direction?

22 MR. RICHARDSON: It is indirectly, and,
23 actually, I'm about to make a turn in a slightly
24 different area with this line of questioning that

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 was brought up on direct. And I think I can go
2 to that now, I believe.

3 BY MR. RICHARDSON:

4 Q So, let's go to one data request that I skipped
5 over. And, actually, before we do that, so, if
6 you were to look at leakage rates or water loss
7 rates at 2:00 or 3:00 in the morning, and you
8 found that they were, say, higher than 10
9 percent, that would suggest to you that there
10 could be leaks or problems in the distribution
11 system?

12 A (McMorran) Suggest, could, are possibilities.
13 There could be other reasons for why that
14 happens.

15 Q Uh-huh.

16 A (McMorran) I would point out that Pennichuck did
17 a leak survey on the Wiggin Way system in 2017
18 and didn't find any leaks.

19 Q So, why didn't you provide that information in
20 your response to North Hampton-6, that there was
21 a water loss study done, that apparently --

22 MR. REIMERS: Mr. Chair, I --
23 Mr. Chair, I object, based on your last
24 statement, that the focus here is not on whether

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 the Wiggin Way system should or should not be
2 incorporated into Aquarion, but, as the Towns
3 have focused their request, which is simply on
4 this surcharge related to fire protection that
5 they want. And I don't think these last two
6 questions after your statement have been getting
7 us there.

8 MR. RICHARDSON: Mr. Chairman, I'd like
9 to point out that, in direct examination, the
10 Aquarion Water Company made a pretty direct
11 attack on what our system was -- or, what our
12 estimates of the cost for the system were, and
13 specifically about the need for whether future
14 improvements might be required, based on a
15 substandard distribution system, as was
16 referenced in Mr. Harned's testimony.

17 So, I think this is a fair line of
18 questioning. It was raised on direct. I'm
19 trying to elicit additional information about
20 that.

21 CHAIRMAN GOLDNER: Yes. I guess the
22 part where I'm puzzled is that, in reading the
23 testimony from the Town witnesses, the
24 recommendation was an "18.7 percent increase", it

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 was the only recommendation that I saw.

2 MR. RICHARDSON: Uh-huh.

3 CHAIRMAN GOLDNER: So, I'm just trying
4 to keep the conversation focused on the question.

5 MR. RICHARDSON: Yes. And let me close
6 the loop on this with that in mind. I really
7 have one last question on this point, if I may?

8 CHAIRMAN GOLDNER: Okay.

9 BY MR. RICHARDSON:

10 Q So, let's now go to -- I'm sorry, the question
11 before you, Mr. McMorran, was -- I've forgotten
12 my line of questioning. Okay.

13 MR. RICHARDSON: Could I ask
14 Mr. Patnaude to reread my last question?

15 CHAIRMAN GOLDNER: Yes.

16 *[Brief off-the-record discussion ensued*
17 *between Chairman Goldner and the court*
18 *reporter.]*

19 CHAIRMAN GOLDNER: Let's take a
20 ten-minute recess. And we'll come back at 10:50.
21 Thank you. Off the record.

22 *(Recess taken at 10:42 a.m. During the*
23 *recess the court reporter provided*
24 *Mr. Richardson with the information*

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 *regarding the last question asked prior*
2 *to the recess. The hearing resumed at*
3 *11:00 a.m.)*

4 CHAIRMAN GOLDNER: Please be seated.
5 Okay. Mr. Richardson.

6 MR. RICHARDSON: Thank you, Mr.
7 Chairman.

8 BY MR. RICHARDSON:

9 Q Mr. McMorran, I believe, before the break, you
10 had testified that you didn't think there was
11 leakage based on a Pennichuck leak survey that
12 was done. And I asked you why you hadn't
13 indicated that in your response to North Hampton
14 Data Request 6, which is on Bates Page 025 of
15 Exhibit 9.

16 Could you tell me what the reason is
17 that we weren't made aware of this before?

18 A (McMorran) Well, your question just asked for
19 "water loss data or estimate of water loss". It
20 didn't ask anything about whether there were any
21 leak surveys or other methods used for lost water
22 calculations.

23 Q But isn't that what would typically be done in a
24 leakage survey or is it just a going out and

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 looking to see if there's evidence of leakage in
2 the streets? What was it that you're relying on
3 in this Pennichuck water loss survey that was
4 done?

5 A (McMorran) I'm not sure I understand the
6 question. What is it you're asking?

7 Q My question was is what was the document that you
8 saw from Pennichuck Water Works that estimated
9 leakage or water loss?

10 A (McMorran) It was just a -- I think it was a
11 statement or a letter, that indicated they had
12 conducted a survey, and they hadn't found any
13 leaks.

14 Q But do you know how they conducted the survey?

15 A (McMorran) No. They did not provide those
16 details.

17 Q Okay. So, it was just a letter, without any
18 details?

19 A (McMorran) Correct.

20 Q Do you remember the date of it?

21 A (McMorran) Not off the top of my head, no.

22 Q When did you see it?

23 A (Walsh) This is John Walsh. The letter is
24 actually "Attachment 1" to DOE 1-9.

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 Q Okay. Thank you. So, I want to ask you the
2 question about future costs. And, if you were
3 still in Exhibit 9, if you could go to Bates Page
4 024, which is pdf Page 11. And it says here "The
5 Company has no plans to make additions,
6 retirements or replacements" to the system, is
7 that right?

8 A (McMorran) That's correct.

9 Q Okay. But you're basing that, essentially, on
10 one section of pipe that you've seen in the pump
11 house, without any construction plans, without
12 any water loss data having been done. And,
13 essentially, there's no information to support
14 that, that conclusion that there won't be main
15 breaks or leaks. And how is that a reasonable
16 conclusion?

17 A (McMorran) There's no evidence to the contrary.

18 Q Okay. But there's no evidence to support that
19 statement either, is there?

20 A (McMorran) I could speculate, I think, any range
21 of possibilities. But --

22 Q Okay. And, so, --

23 A (McMorran) -- what I know about the system is
24 there does not appear to be any leaks.

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 Q Okay.

2 A (McMorran) We don't have any plans to do any
3 additions, retirements or replacements within the
4 next five years.

5 Q But is that -- are you sure of that or is that
6 speculation, as you just said?

7 A (McMorran) Well, it's based on the evidence that
8 we have. There's always some probability in any
9 part of the system that things can break down.
10 So, it's not a guarantee. But it's my opinion,
11 based on my experience with the rest of the
12 system, and other systems, that it's a very low
13 likelihood we'll be doing any major repairs out
14 there anytime soon.

15 Q I know that, in Exhibit 1, there's estimates of
16 the different types of mains that are in the
17 system. And there's a lot of one and a half inch
18 main on this system. Is there one and a half
19 inch main in other parts of Aquarion's system
20 here?

21 A (McMorran) I'd have to look that up. So, it's
22 possible. But I'd have to look at the data to
23 determine that.

24 Q But it's certainly not common in Aquarion's

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 system, in Hampton and North Hampton, to be
2 providing service off of a 1.5 inch main, or a
3 plastic one, for that matter?

4 A (McMorran) Well, it's not common just because
5 it's not in the system --

6 MS. CHIAVARA: Sorry. Excuse me.
7 Mr. Chair, I object to this question. The DES
8 found in its order that Aquarion's system --
9 Aquarion's system is adequate and suitable to
10 supply Wiggin Way. And that's already been
11 found. That order is final and unappealable. We
12 don't need to re-litigate these facts.

13 CHAIRMAN GOLDNER: Mr. Richardson.

14 MR. RICHARDSON: Well, that's just an
15 order based on the production that's being paid
16 for through North Hampton rates. But it's not
17 based on a system, this -- my question goes to,
18 there aren't any 1.5 inch mains in this system.
19 And there's no real reason to believe or
20 disbelieve what the future costs will be. We
21 just don't know.

22 MR. REIMERS: Mr. Chair?

23 CHAIRMAN GOLDNER: Yes.

24 MR. REIMERS: Perhaps Mr. Richardson

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 could explain how these questions relate to their
2 request for the 18.7 percent surcharge, because
3 I'm not seeing any relation. And, as Attorney
4 Chiavara stated, that was -- that the system was
5 adequate was part of the DES order. That order
6 was appealed, and the appeal was denied, and then
7 it was not appealed to the Supreme Court. So,
8 all findings in that DES order are final.

9 MR. RICHARDSON: I'm not asking any
10 questions about the DES order. I'm not sure how
11 that relates to the question that I asked, which
12 is how this witness can expect that there's not
13 going to be any main improvements, when this
14 system is built with 1.5 inch plastic pipe?

15 But I'll withdraw the question, because
16 I don't think it's worth pursuing at this point.

17 CHAIRMAN GOLDNER: Okay.

18 BY MR. RICHARDSON:

19 Q I want to go to a last couple questions here
20 about Exhibit A. Ms. Szabo, I think these
21 questions will be best directed to you.

22 If you could go to Exhibit 9, and I'll
23 get you the page reference. Let's start on Bates
24 Page 027, which is Page 14 of the *pdf*, if you're

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 looking online. Let me know when you have that
2 in front of you please?

3 A (Szabo) I'm there. Thank you.

4 Q Okay. We heard some testimony during your direct
5 today that you disagreed with Mr. Harned's
6 assessment of the operating costs that are
7 expenses that Aquarion had projected. And I want
8 to look at your response here to North Hampton
9 Question 10. Where we were asking for "total
10 operating expenses by account for the Wiggin Way
11 system for the years December 31st, 2019 and
12 2020." And operating expenses fall into
13 different categories. You'd agree with me on
14 that point, right?

15 A (Szabo) Yes.

16 Q Okay. And those categories include
17 "Administrative and General", is that one of
18 them?

19 A (Szabo) Yes.

20 Q Okay. And Administrative and General is
21 basically your administrative, I assume your
22 employee costs are in that account?

23 A (Szabo) Yes. Some of them are.

24 Q Yes. And you can allocate those to particular

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 systems, right?

2 A (Szabo) I'm not sure, when you say "systems",
3 what you're defining that as?

4 Q Okay. Let me rephrase the question for you then.
5 If you were to look at the cost for -- the cost
6 to operate the Wiggin Way system, that would
7 include an allocation of administrative and
8 general expense, wouldn't it?

9 A (Szabo) Under the current circumstance, where
10 it's one 2-inch meter, there are no costs that
11 are allocated specifically to that 2-inch meter.
12 So, in our response, when we were trying to
13 quantify, and what we thought we were responding
14 to is, what are the incremental costs that are
15 being incurred as a result of this system?

16 Q Uh-huh.

17 A (Szabo) So, the most, you know, reasonable number
18 we thought to calculate here was a variable cost
19 of production, because that is the costs that are
20 being incurred by, you know, the consumption
21 coming out of the homeowners that are fed through
22 this one 2-inch meter.

23 And, so, for purposes of this response,
24 that's what we looked to provide. What are the

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 incremental O&M costs as a result of the
2 production that's been consumed by those homes?

3 Q Well, let me back up, though. Because I read
4 your answer to North Hampton Request 10 a little
5 bit differently. Your response states "the
6 Company incurred variable costs of less than
7 2,000." And variable costs are not
8 administrative and general. You don't hire more
9 employees for this system. So, that wouldn't be
10 a variable cost, right?

11 A (Szabo) That's correct. These are variable
12 production costs that were quantified in that
13 response.

14 Q And, in fact, you say "less than \$2,000 annually
15 in both years to treat the water." So, is this
16 \$2,000 cost just the treatment side of your
17 expenses?

18 A (Szabo) It's what we incur for the production.
19 So, it's both treatment, as well as -- so, it's
20 chemical costs, as well as power costs.

21 Q Uh-huh. But you're not out -- I want to --
22 actually, why don't we just, if we turn a couple
23 pages, and I apologize, this one is going to be a
24 little hard to read, because it is the -- I

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 believe it's your F-48, which is your Operation
2 and Maintenance schedule from 2019. I assume
3 you're familiar with that?

4 A (Szabo) Yes. Do you have a page reference,
5 though, that you're looking at right now?

6 Q Yes. I'm on Bates Page 029, which is *pdf* Page 16
7 of Exhibit 9.

8 A (Szabo) Okay.

9 Q And I see, when I look at it, with a magnifying
10 glass, that it's, I believe, "\$1,477,847", is
11 what your Total Administrative and General
12 Expense was in 2019, is that right?

13 A (Szabo) That's correct.

14 Q Okay. So, if we were to take that number, and
15 divide that by the total number of customers,
16 9,451 at year-end, I believe, I believe that
17 would result in an administrative and general
18 cost per customer of about \$156.37. Does that
19 sound about right to you?

20 A (Szabo) Yes.

21 Q Okay. And, then, if we were to multiply that by
22 the 43 customers that are proposed to be in the
23 Wiggin Way system, that would result in a number
24 of about 6,723, by my math. And don't you agree

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 that that figure would represent the Wiggin Way
2 customers' X share of the total administrative
3 and general expenses?

4 A (Szabo) I disagree. So, in your math, you're
5 using the present customers, 9,451. When you add
6 the 43 customers, what happens is the new base of
7 customers now becomes 9,494. And we are not
8 going to incur incremental admin. and general
9 costs as a result of the addition of servicing
10 these customers. So, if you take the same set of
11 costs, you're now spreading it over a larger
12 customer base, which just grew by 43 customers.
13 And, so, your cost per customer of \$156.37 has
14 now been reduced to \$155.66.

15 Q I'll accept that. I think that is a fair
16 explanation. But 156 and 155, that's pretty
17 close. So, we could do the -- we could do the
18 math. You're just saying we should factor in the
19 43 customers, plus the 9,451 at year-end.

20 But that, that expense, that includes
21 the costs for, well, for your salary, I assume,
22 the people that answer the phones, the employees
23 that do the work necessary to run the Company.
24 Is that fair to say, that those are the types of

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 expenses in Administrative and General?

2 A (Szabo) Yes. And those are the types of expenses
3 that are used to derive our rates, which is the
4 rates that Wiggin Way is presently paying.

5 Q Uh-huh. But, and so -- but that is an expense
6 that's much greater, if we were to do the math
7 with the corrections you noted. If we were to
8 take the \$1,477,847, and then we were to divide
9 that, I believe, by I think you said it was
10 "9,491 customers", if we included Wiggin Way?

11 A (Szabo) Ninety-four (94).

12 Q Okay, 9,494. Okay. So, then, that gives us the
13 "\$155.63" that I think you mentioned earlier.
14 And, if we were to take that number, and then
15 multiply that back by 43, to figure out the
16 Wiggin Way share of the administrative and
17 general expense, I get \$6,693 and change. Does
18 that sound right to you?

19 A (Szabo) Yes. But what I want to be clear is,
20 that this is a mathematical exercise. That
21 that's one component that goes into deriving our
22 cost of service. And our cost of service derives
23 the rates, which they're currently paying. So, I
24 just want to be clear, this is not an incremental

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 cost here.

2 Q Yes. And absolutely, it's not, or, as you
3 described it, a "variable cost". But I'm trying
4 to figure out, because I want to go back to what
5 North Hampton's question was in Data Request 10,
6 I believe, which was to ask "what is the share or
7 what is the operation and maintenance expense?"
8 Not the variable one. I mean, we all understand
9 that it's not expensive just to pump a little bit
10 more water, use a little bit more electricity,
11 and a little bit more treatment chemicals.
12 That's not really what's driving Aquarion's
13 costs. It's capital and labor are really the
14 drivers of what it costs to run a water company,
15 is that right?

16 A (Szabo) Yes.

17 Q Okay. And we could do that same exercise, if we
18 were to go through, because a component of source
19 of supply is the ability to bring water into the
20 system. Aquarion is giving water to Wiggin Way.
21 So, there's a share that could be allocated using
22 this methodology, or other ones, to develop a
23 cost. And that --

24 MS. CHIAVARA: I'm sorry. Chair

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 Goldner, I have an objection here. This is
2 getting rather theoretical and hypothetical. And
3 I'm losing the thread again as to how this
4 pertains to the franchise expansion or the
5 proposed 18.7 percent surcharge proposed by the
6 Towns.

7 MR. RICHARDSON: And this goes to the
8 Company's, essentially, attack on Mr. Harned's
9 point, which I think was a good one, that the
10 \$2,000 estimate that the Company came up was a
11 variable cost, and doesn't reflect the total
12 share of operations and maintenance expenses that
13 are -- that should be paid by these customers,
14 including the fire protection benefits that
15 they're going to receive.

16 MS. CHIAVARA: Well, while you haven't
17 addressed the fire protection charges yet,
18 Ms. Szabo did address what all was included in
19 her calculations in her direct exam previously
20 today. And she did answer those questions.
21 Right now, you're doing an alternative analysis
22 and an alternative math on the stand in
23 cross-examining the witness.

24 MR. RICHARDSON: Yes. I think this is

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 appropriate, just to show what the -- that the
2 costs are much higher than the \$2,000 that they
3 provided us in discovery, and are more in line
4 with what Mr. Harned is concerned about.

5 But I don't -- the Commission can do
6 the math as well as I can. And I think the
7 point's been made. So, I can move on, if that's
8 appropriate?

9 CHAIRMAN GOLDNER: Thank you. Yes.
10 Let's keep moving.

11 MR. RICHARDSON: I don't have any other
12 questions. Thank you.

13 CHAIRMAN GOLDNER: Thank you, Mr.
14 Richardson. I'll move to the Department of
15 Energy, Mr. Tuomala, Ms. Amidon.

16 MR. TUOMALA: Thank you, Mr. Chair. I
17 just had a few brief questions. And I believe
18 Ms. Szabo is going to be the appropriate witness.

19 BY MR. TUOMALA:

20 Q But this is more to the heart of the
21 18.79 [18.70?] percent surcharge that the Towns
22 have brought up in this proceeding. But I just
23 wanted a general clarification of your customer
24 base in NH here.

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 How many residential customers do you
2 have approximately? And just approximate,
3 doesn't need to be an exact count?

4 A (Szabo) I would like to just go to this one
5 schedule, if I can get there?

6 Q Sure.

7 A (Szabo) Okay. Sorry. I thought I would be able
8 to quickly find it there. If you give me one
9 moment, I can certainly get that for you.

10 Q You know, and I'll withdraw that question,
11 because it's not even necessary. My general
12 question for you is, do you have any knowledge of
13 any residential customer that you have in
14 Aquarion of New Hampshire who would be
15 susceptible to a similar surcharge, other than
16 the WICA?

17 A (Szabo) No.

18 Q There are no other customers in your customer
19 base that would be paying an 18.7 percent
20 surcharge, is that correct?

21 A (Szabo) That's correct.

22 Q And do you know if your tariff, as it is now,
23 provides for the Company with the ability to
24 charge a surcharge, such as the one that's been

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 requested by the Towns?

2 A (Szabo) It does not.

3 MR. TUOMALA: Okay. That's all I had
4 for questions. Thank you, Ms. Szabo. Thank you,
5 Mr. Chair.

6 CHAIRMAN GOLDNER: Thank you. And I
7 may have lost the thread. Mr. Reimers, did I
8 already ask if you wanted to cross?

9 MR. REIMERS: I did ask a question of
10 Ms. Szabo. But, based on Attorney Richardson's
11 questions, I would like to ask Mr. McMorran just
12 three or four questions.

13 CHAIRMAN GOLDNER: Sure. Yes. Please
14 proceed.

15 MR. REIMERS: Okay.

16 BY MR. REIMERS:

17 Q Mr. McMorran, you were asked or it was suggested
18 that your knowledge of the Aquarion system -- I'm
19 sorry, the Wiggin Way system was based on simply
20 looking at the pipes in the pump house. About
21 how old is Aquarion's system?

22 A (McMorran) Our oldest pipes date back to 1907.

23 Q Oh, I'm sorry. Okay. That's good. And, then,
24 about how old is Wiggin Way's system?

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 A (McMorran) I believe it was installed sometime
2 around the year 2000.

3 Q Okay. And you said that it was PVC, and not
4 metal?

5 A (McMorran) Correct.

6 Q And PVC is less susceptible to corrosion?

7 A (McMorran) Yes, it is.

8 Q And it's been hooked up to the Aquarion system
9 for four years?

10 A (McMorran) It will be five years in May, I
11 believe.

12 Q And you haven't had any issues?

13 A (McMorran) Not that I'm aware of, no.

14 Q Were there any issues with regard to pressure
15 when the system was connected?

16 A (McMorran) No.

17 Q Do you know whether the system, when it was built
18 in about 20 years ago, was designed to meet DES
19 requirements at the time?

20 A (McMorran) I would assume so. I don't really
21 know for sure.

22 MR. REIMERS: Okay. That's all I have.
23 Thank you.

24 CHAIRMAN GOLDNER: Thank you. Okay.

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 So, we'll move to Commissioner questions, then
2 we'll move to redirect from Ms. Chiavara. And,
3 then, we'll start back up again with Mr. Roy and
4 the Town witnesses.

5 So, I'll move to Commissioner
6 Chattopadhyay. Any questions for the Aquarion
7 witnesses?

8 CMSR. CHATTOPADHYAY: Good morning.
9 This is just to make sure I contextualize all of
10 the discussions that have taken place about
11 incremental cost and all of that.

12 BY CMSR. CHATTOPADHYAY:

13 Q So, I just want to ask the Company's witnesses,
14 and anybody can respond here, do fixed costs
15 change with addition of new customers to a water
16 system? Why are they called "fixed costs"?

17 A (Szabo) My assumption would be that, no, they do
18 not change with the addition of individual
19 customers.

20 Q Are administrative and general expenses part of
21 fixed costs?

22 A (Szabo) I guess some of them would be, you know,
23 for our building expenses.

24 Q So, are you saying that some of these expenses

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 may be in the nature of variable cost, even for
2 customers from Wiggin's, Wiggin Way?

3 A (Szabo) I think, when I was giving consideration
4 to a variable cost, I was strictly thinking of
5 "what do these 43 customers, serving them versus
6 not serving them, result in?"

7 Q Okay.

8 A (Szabo) And, so, the amount of water we were
9 producing, to me, was the most obvious one to
10 quantify.

11 Q So, let me put it slightly differently. So, when
12 you have additionally 43 customers, do you expect
13 that there will be in any incremental
14 administrative and general expenses?

15 A (Szabo) No. I mean, to the extent, if we have to
16 mail a monthly bill, if customers elect to have a
17 mailed bill, as opposed to an electronic bill,
18 there would be the cost for postage. But I do
19 not anticipate there to be any other quantifiable
20 increases to variable costs, other than what
21 we've already disclosed.

22 So, we've mentioned in our discovery
23 two areas. So, we discussed most recently the
24 variable cost of production. We also, in one of

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 our interrogatory responses to DOE 1-3, spoke to
2 other operational expenses that would be
3 incurred, now that there would be 43 metered
4 customers. So, we would have additional meter
5 reads. There would be, I'm just going to my list
6 here, perhaps service calls, those sorts --
7 inspections, valves, those sorts of things, that
8 equated to approximately \$954 annually.

9 Q Okay. So, now, generally speaking, if costs are
10 fixed, if you have a bucket of costs that is
11 "fixed cost", when you add customers, those costs
12 you're already recovering from your existing
13 customers, you have more customers, isn't it true
14 that the fixed cost per customer will fall?

15 A (Szabo) That's correct.

16 Q Okay. I'm going to ask questions to McMorran,
17 Mr. McMorran.

18 Can you -- I mean, I'm a little bit
19 perplexed about why didn't Aquarion try and
20 understand if there's a possibility of water loss
21 in the system, you know, do some survey or do
22 some analysis, as to what adding Wiggin Way would
23 mean, in terms of water loss or even, you know,
24 didn't you think it's helpful to look at the

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 construction plan?

2 A (McMorran) The plans that we had weren't detailed
3 enough to tell us exactly how deep the pipes were
4 buried and things like that. Again, we were
5 operating that this was a DES order. We were to
6 take it over regardless of its condition, to be
7 honest. And up to this point, we don't own the
8 system. So, we're not going to invest money into
9 answering those kind of questions. Because, per
10 the DES order, the expense of this is supposed to
11 be borne by Wiggin Way, until such time as we
12 actually take it over.

13 Going forward, we'll include Wiggin Way
14 with all the other pipes in our system in regular
15 leakage survey work.

16 CMSR. CHATTOPADHYAY: I think that's
17 all I have right now.

18 MR. RICHARDSON: Mr. Chairman, I have a
19 problem with the answer that we just heard.
20 Because, if you look at the questions that I
21 asked from Exhibit 9, about construction plans,
22 they said they "had none", that they -- and it
23 was not in their possession.

24 What this witness just testified to, he

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 said, I believe, "the plans we had weren't
2 detailed enough." Those plans weren't given to
3 us in response to this data request that's on
4 Bates Page 022 of Exhibit 9. And I'm troubled by
5 that. I guess is just a comment. And I think it
6 should be apparent in the record.

7 CHAIRMAN GOLDNER: So, I'll do two
8 things here. Ms. Chiavara, I'll give you a
9 chance to answer. And, then, Mr. Richardson, I'd
10 ask you to let the Commissioner -- the
11 Commissioners go to redirect. And, if you have
12 anything to add in closing, or further questions
13 for witnesses, I'd ask you to jump in at that
14 time please.

15 Ms. Chiavara, would you like to address
16 the issue?

17 MS. CHIAVARA: Yes. I would just
18 like -- I would like to be able to give Mr.
19 McMorran an opportunity to clarify, to make a
20 distinction between "construction plans", the way
21 that the Towns inquired about them, and any
22 documentation he relied upon to make his
23 assessment of the system.

24 WITNESS McMORRAN: Yes. I think it's a

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 little bit of a definitional issue. The question
2 posed was "as-built construction plans and
3 specifications". And we don't have that. We've
4 got plans that are typically provided to, like,
5 planning boards. It shows where the streets are
6 going to be, it shows a line on the map where the
7 pipe is going to be, but it doesn't have any real
8 information on its actual installation.

9 So, I think the question from North
10 Hampton asked specifically for "as-built plans
11 and specifications", and we don't have those.

12 CHAIRMAN GOLDNER: Okay. Thank you.

13 BY CHAIRMAN GOLDNER:

14 Q So, just to conclude Commissioner questions, you
15 know, I guess I'll ask, if there were to be --
16 Aquarion takes over the system, does some
17 testing, sees, you know, let's call them -- let's
18 characterize them as "large leaks", what does
19 that typically mean? What kind of issue is that?
20 What kind of costs are we talking about? Number
21 one.

22 And, then, number two, I think what
23 you're saying is that you would expect that to be
24 no different than other parts of the Aquarion

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 system. That, if you went and hadn't done
2 leakage tests, you go do a leakage test, you'd
3 find something, you'd fix it.

4 And I think your testimony is that you
5 would expect this portion of the Aquarion system.
6 Wiggin Way, if approved, to look no different
7 than the other parts of the Aquarion system?
8 Maybe, Mr. McMorran, you'd like to take that, or
9 Mr. Walsh?

10 A (McMorran) I guess I'll attempt to answer that.
11 Let me clarify, first of all, so, we acquire the
12 mains and the service lines, up to and including
13 the curb box. So, obviously, if we found a leak
14 on anything that we own, we're going to fix it,
15 because we want to stop that loss of water.

16 But, from the curb box to the house,
17 that belongs to the property owners. And,
18 actually, a lot of the leaks that we find in our
19 system are on the customer's side of the service
20 line, in that case the customer has to bear the
21 cost of repairing it.

22 CHAIRMAN GOLDNER: Okay. Thank you for
23 that clarification. That answers my question.

24 Okay. I'll go to -- I'll go to

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 redirect, with Ms. Chiavara.

2 MS. CHIAVARA: Thank you, Chair
3 Goldner. Would it be possible for me to just
4 take three minutes with my client to confer about
5 redirect?

6 CHAIRMAN GOLDNER: Sure. Yes. We'll
7 stay in the hearing room. But, yes. Just let us
8 know when you're ready. Thank you.

9 MS. CHIAVARA: Thank you so much.

10 *(Brief recess taken at 11:34 a.m., and*
11 *the hearing resumed at 11:40 a.m.)*

12 CHAIRMAN GOLDNER: Okay. Please
13 proceed.

14 MS. CHIAVARA: Thank you. Both of my
15 questions are going to be for Mr. Walsh.

16 **REDIRECT EXAMINATION**

17 BY MS. CHIAVARA:

18 Q Mr. Walsh, first, can you please confirm that the
19 capacity needed to provide fire protection to
20 Hampton and North Hampton are not at all needed
21 to provide regular water service to the Wiggin
22 Way system?

23 A (Walsh) That is a correct statement. That the
24 fire protection has been built over decades. The

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 capacity for fire protection for Hampton and
2 North Hampton is not needed for the domestic
3 service that we'll be providing to Wiggin Way.

4 Q Thank you. And, in regards to the Wiggin Way
5 system, could you speak to the Company's due
6 diligence and due diligence in similar types of
7 acquisitions?

8 A (Walsh) Sure. We've bought many small water
9 systems, especially over the last ten years,
10 across the states we operate in, Connecticut,
11 Massachusetts, and New Hampshire. And the level
12 of due diligence that we've done for Wiggin Way,
13 in particular related to the distribution system,
14 because that's the assets that we're buying, is
15 the same level of due diligence that we would do
16 typically for any acquisition. So, we're looking
17 at the length of main, material of construction,
18 in this case, PVC, the age of the main, in this
19 case, 21 years old. And that, by the way, that
20 does stand out to me. A 21 year-old main or
21 distribution system is relatively new in the
22 context of the water utility industry.

23 In our New Hampshire system, in Hampton
24 and North Hampton, our average age of mains is 50

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 years old. But, as Carl mentioned previously, we
2 have mains that are from the early 1900s in the
3 system. So, mains that are 21 years old are
4 relatively new.

5 So, you know, in summary, we've done
6 the same level of due diligence for the Wiggin
7 Way system that we do for other small systems
8 that we acquire.

9 MS. CHIAVARA: Thank you very much for
10 that answer. That concludes my redirect.

11 CHAIRMAN GOLDNER: Okay. Thank you,
12 Ms. Chiavara. So, we'll move on to the next
13 witness, Mr. Roy. I don't see Mr. Roy online.
14 Mr. Reimers?

15 MR. REIMERS: Okay. Sorry. Can I just
16 ask one follow-up question regarding the
17 Commissioners' questions?

18 CHAIRMAN GOLDNER: Sure.

19 MR. REIMERS: Okay.

20 BY MR. REIMERS:

21 Q Mr. McMorran, you were asked, "in the event that
22 you take over the system and large leaks are
23 found, what would Aquarion do?" Given that, you
24 know, Wiggin Way has been connected to the system

[WITNESS PANEL: Walsh|Szabo|McMorran]

1 for almost five years now, have you seen any
2 signs of water loss or has it remained
3 consistent, the amount of usage of Wiggin Way
4 remained consistent over the years?

5 A (McMorran) Of course, I don't have those figures
6 in my head. I don't think it's been any
7 significant change. Though, I haven't done any
8 kind of statistical analysis on it. So, it's --
9 so, no data, sorry. I don't have it at my
10 fingertips to answer the question.

11 MR. REIMERS: Okay. Thank you.
12 Nothing further. Thank you, Mr. Chair.

13 CHAIRMAN GOLDNER: Thank you, sir. So,
14 we'll move to -- is it pronounced "Roy"?

15 MR. REIMERS: Okay.

16 CHAIRMAN GOLDNER: Mr. Roy?

17 MR. REIMERS: Mr. Chair, do I call my
18 own witness?

19 CHAIRMAN GOLDNER: Oh, sorry. My
20 microphone was off. We'll need to swear in the
21 witness first.

22 MR. REIMERS: Okay.

23 CHAIRMAN GOLDNER: Mr. Patnaude.

24 (Whereupon **Steven Roy** was duly sworn by

[WITNESS: Roy]

1 the Court Reporter.)

2 CHAIRMAN GOLDNER: Okay. Mr. Reimers,
3 we'll move to direct examination. And you can
4 talk to your witness.

5 MR. REIMERS: Okay. Great. Thank you.

6 **STEVEN ROY, SWORN**

7 **DIRECT EXAMINATION**

8 BY MR. REIMERS:

9 Q Mr. Roy, you are President of the Wiggin
10 Way/Winterberry Homeowners Association, is that
11 correct?

12 A Yes. That's correct.

13 Q How long have you been president?

14 A For eight years, since 2014.

15 Q Okay. Is that a volunteer position?

16 A Yes, it is.

17 Q Okay. What is your profession?

18 A I'm an environmental consultant. For the last 42
19 years, I've worked for municipalities, states,
20 and water suppliers, to develop programs and
21 actions to protect water supplies from
22 contamination. I served at the Massachusetts
23 Department of Environmental Protection, and with
24 the U.S. EPA, where I was the National Wellhead

[WITNESS: Roy]

1 Protection Program Manager for several years.

2 And, then, for the last 20 years or so, I've been
3 in consulting, primarily working with communities
4 to protect critical infrastructure, such as water
5 supplies, wastewater treatment plants, and roads
6 from the effects of climate impacts.

7 Q Okay. And what is your highest educational
8 degree?

9 A I have a Master's degree in Environmental
10 Science/Water Resources from the State University
11 of New York, College of Environmental Science &
12 Forestry.

13 Q Can you please describe Wiggin Way's current fire
14 protection infrastructure?

15 A Yes. The Stratham Volunteer Fire Department
16 maintains the fire system for our Homeowners'
17 Association, consists of a cistern that holds
18 30,000 gallons of water, that's located on Wiggin
19 Way, and there's a fire pond as well that has
20 much larger capacity, that's also associated with
21 the system. They're both called "dry hydrants",
22 which is typical in, you know, communities in New
23 Hampshire that don't have fire hydrants and
24 public water supply systems.

[WITNESS: Roy]

1 Q This 30,000-gallon cistern, is that a buried
2 cistern?

3 A Yes, it is.

4 Q And how is that -- who fills that cistern?

5 A It's all managed by the Town of Stratham. So,
6 Stratham maintains the cistern, and would fill it
7 if the need ever came to be.

8 Q And are you aware that the Town of Stratham does
9 not currently get water from Aquarion?

10 A That's correct.

11 Q Okay. And does the Town of Stratham also
12 maintain the cistern?

13 A Yes, they do.

14 Q What is Wiggin Way, the neighborhood, looking to
15 get out of this proceeding?

16 A Essentially, all we're asking for is to be
17 regular customers, by -- we're asking the PUC to
18 extend the franchise that will allow us to become
19 regular customers, paying the same rate as every
20 other customer in the Aquarion New Hampshire
21 water system.

22 Q In addition to the water rates that you pay
23 Aquarion, what other costs are Wiggin Way
24 customers currently paying?

[WITNESS: Roy]

1 A So, currently, we're charging our residents
2 approximately \$100 a month, or \$1,200 a year for
3 water. And that includes the usage bill from
4 Aquarion, monthly fees to Pennichuck, because we
5 are a public water supply, we have to continue to
6 operate and maintain a licensed operator for our
7 system. We do water quality sampling and
8 reporting. So, there's fees to cover that, that
9 are incurred monthly, quarterly, and
10 semi-annually.

11 We need to produce an Annual Consumer
12 Confidence Report. And we need to pay an annual
13 operation fee to New Hampshire DES, as well
14 abiding by all drinking water regulations that
15 apply to small public water systems. We pay --
16 our fees also go to operation and maintenance of
17 our facilities, and heat in our pump house, and
18 as well as our legal fees.

19 Q Okay. Will all of those costs, other than the
20 fees paid to Aquarion, will those costs go away,
21 if the permanent connection is approved by the
22 PUC?

23 A Yes, they will. And, then, we'll be more in line
24 with what the statewide average is for a typical

[WITNESS: Roy]

1 residential customer of \$577 a year, as opposed
2 to the \$1,200 a year that we're currently paying.

3 Q How is water going to the Wiggin Way customers
4 currently metered?

5 A As has been mentioned several times today,
6 there's one large meter that records all the
7 water usage for all of our 43 houses.

8 Q And does that mean that every household in Wiggin
9 Way pays the same amount regardless of water
10 usage?

11 A Yes, it does. That's correct. And, you know,
12 it's an unfair system for us, regarding, you
13 know, all households pay the same regardless of
14 water usage. We have households with small
15 children and teenagers, and then we have a
16 household like mine, with older residents, they
17 use far less water.

18 That, in my experience professionally,
19 you know, having the knowledge and feedback on
20 water usage, it's very important to understand
21 how much water a household is using, so that an
22 individual water meter in each household will
23 become very important, and also provide
24 incentives for people to conserve water.

[WITNESS: Roy]

1 *[Court reporter interruption due to*
2 *audio issue.]*

3 BY MR. REIMERS:

4 Q And if the franchise expansion is approved --

5 CHAIRMAN GOLDNER: Excuse me. Excuse
6 me, Mr. Reimers. Mr. Roy was cutting out. So,
7 the stenographer was having trouble with -- Mr.
8 Roy, would you repeat your last 20 seconds? You
9 were cutting out.

10 WITNESS ROY: Yes. Can you hear me
11 now?

12 CHAIRMAN GOLDNER: Yes. That's fine.
13 Thank you.

14 WITNESS ROY: Okay. Sorry. I changed
15 my headset.

16 **BY THE WITNESS:**

17 A The comment that I'm making is that we don't feel
18 that we have a fair and equitable system right
19 now, with all of the residents paying the same
20 amount for water, regardless of water usage. We
21 have households with several small children and
22 with teenagers within our development, and then
23 we have households like mine, with older
24 residents that use far less water. And, in my

[WITNESS: Roy]

1 experience, working with water suppliers, having
2 that direct feedback and knowledge of your water
3 usage really helps encourage water conservation.

4 BY MR. REIMERS:

5 Q And do you think, is it your opinion that, if the
6 houses are individually metered, that would be
7 fair for the residents of Wiggin Way?

8 A Yes. It will be a much, much fairer situation.

9 Q Going back to fire protection, is Wiggin Way
10 looking for fire protection from Aquarion?

11 A No, we are not. We have not requested fire
12 protection. It's not part of any agreement.
13 It's never been in our discussion. And it's only
14 come up recently as raised by the Towns of
15 Hampton and North Hampton in these proceedings.

16 We're adequately supplied by the Town
17 of Stratham for fire protection. It's not in our
18 request.

19 Q In your -- how long have you lived in the Wiggin
20 Way neighborhood?

21 A I've lived here for nine years.

22 Q In your time, are you aware of any house fires in
23 the Wiggin Way neighborhood?

24 A Not to my awareness at all. I am not aware of

[WITNESS: Roy]

1 any.

2 Q And are you familiar with where -- have you read
3 Chief Lajoie's testimony?

4 A I have.

5 Q And are you familiar with the location of the
6 hydrant on Winterberry Lane that he mentioned?

7 A Yes, I am.

8 Q And do you know how many homes in Wiggin Way are
9 within 1,000 feet of that hydrant?

10 A There are approximately 16 to 17 houses that
11 could be considered within that distance from
12 that fire hydrant.

13 Q And the remaining homes are further than 1,000
14 feet from that hydrant?

15 A That's correct. So, not all of our homes could
16 be serviced from that fire hydrant. Again, I'm
17 not a fire specialist. But, if that's the
18 standard, a thousand feet does not cover our
19 entire subdivision.

20 Q You submitted testimony dated -- and exhibits
21 dated January 31st and February 14th. Do you
22 wish to make any changes to those testimonies?

23 A No, I do not.

24 Q Okay. And do you adopt those as true and

[WITNESS: Roy]

1 accurate testimony?

2 A I do.

3 MR. REIMERS: Okay. I don't have any
4 further questions. Thank you.

5 CHAIRMAN GOLDNER: Thank you,
6 Mr. Reimers. Ms. Chiavara, does Aquarion have
7 any questions for the witness?

8 MS. CHIAVARA: I have no questions for
9 this witness. Thank you.

10 CHAIRMAN GOLDNER: Thank you. Town of
11 Hampton, are you deferring to North Hampton?

12 MS. LOWRY: Thank you. I was going to
13 ask Mr. Roy about his experience with fire
14 protection. But I believe --

15 CHAIRMAN GOLDNER: No, of course. No,
16 please proceed. I just didn't know if you
17 were --

18 MS. LOWRY: No, no, no. I was just
19 going to say, and thank you that, I think he
20 answered my question at the end of his testimony,
21 which is that he has no experience. So, I
22 will -- I have no cross for him. Thank you.

23 CHAIRMAN GOLDNER: Okay. Thank you.
24 Mr. Richardson.

[WITNESS: Roy]

1 MR. RICHARDSON: Thank you,
2 Mr. Chairman. Good afternoon, Mr. -- good
3 morning, Mr. Roy, still.

4 **CROSS-EXAMINATION**

5 BY MR. RICHARDSON:

6 Q I believe you testified that your current water
7 charges are about \$1,200. Is that -- did I get
8 that number correct?

9 A That is correct.

10 Q And you felt that, if you -- if this connection
11 goes through or the franchise is expanded, the
12 cost will drop to close to the state average of
13 about \$577 per year, is that also true?

14 A That's true.

15 Q Okay. And what was the basis, how did you arrive
16 at the fact that the future costs would be around
17 577?

18 A I arrived at that cost because, essentially, all
19 of our costs as a public water supply go away.
20 Once we're connected, each individual household
21 will be metered and attached to Aquarion. So, we
22 will no longer function as a small public water
23 supply. So, we will not have to pay for a water
24 operator, we will not have to pay to maintain a

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1 pump house, we will not have to pay for water
2 treatment, a water analysis. All of our costs
3 related to operating a small water supply system
4 will go away.

5 Q Okay. And, so, that 577 is essentially the cost
6 to have Aquarion serve your customers then? Is
7 that my understanding? Is that correct?

8 A Yes. That's correct.

9 Q Okay. Thank you. Okay. So, you did hear today,
10 when I was cross-examining the Aquarion
11 witnesses, that, if we were to take the 1,588
12 customers in North Hampton, and divide the public
13 fire protection charges amongst those customers,
14 that was about \$163 per customer, I believe, that
15 North Hampton, basically, customers are paying
16 through the tax rates? Do you recall that?

17 A Yes, I do.

18 Q Okay. So, if we were to add that 577 to the 163,
19 you'd still be well below your 1,200 in costs
20 you're currently paying now?

21 A Is that a question?

22 Q Yes. I mean, I assume you can do the numbers as
23 well as I can. And it's just I'm asking you to
24 agree with me that your costs would still be well

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1 below the 1,200 that you're currently paying?

2 A That's correct.

3 Q Okay. Now, you referenced Fire Chief Lajoie's
4 testimony and the 1,000-foot firehose length.

5 And I believe your reply testimony said that only
6 17 homes were within that 1,000-foot distance.

7 But why then do you think that the fire chief has
8 concluded that the hydrant would be the primary
9 or secondary source of supply in the event of a
10 fire? Do you doubt his view on that?

11 A I don't doubt it. I don't -- I don't have a
12 comment on that.

13 Q All right. Were you aware that fire departments,
14 when they deploy, have specific tasks? And that,
15 in North Hampton's case, when responding to an
16 emergency in Stratham, under a mutual aid
17 agreement, one of their --

18 MR. REIMERS: I object. I think -- I'm
19 sorry, I object. I believe Attorney Richardson
20 is testifying. If he wants to testify about how
21 departments respond to fires, I think that would
22 be a proper question for Chief Lajoie. Mr. Roy
23 has already professed to not be an expert in fire
24 protection.

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1 MR. RICHARDSON: Yes. And I was asking
2 him if he was aware of information that we'll
3 probably hear from Chief Lajoie, when he comes
4 on, to kind of clarify this point. But I wanted
5 to give this witness an opportunity to hear that,
6 and to see if he was aware of that when he
7 reached his conclusion about the 1,000-foot
8 radius.

9 CHAIRMAN GOLDNER: Yes. I'll sustain
10 the objection. And we can talk to Mr. Lajoie, I
11 think, as the final witness about his testimony.

12 BY MR. RICHARDSON:

13 Q Mr. Roy, I know you testified before that Wiggin
14 Way customers aren't looking for fire protection
15 service. But, given that the fire chief has said
16 in his testimony that he believes the fire
17 departments in Stratham and North Hampton would
18 use the fire hydrants as their primary source, it
19 would seem to me that you'd be getting the
20 benefit, because it's really up to the fire
21 chiefs to respond to the fire. And, if they're
22 using the hydrants to fight fires and to lower
23 your insurance rates, isn't that something that
24 Wiggin Way customers should pay for?

[WITNESS: Roy]

1 A No. We're not asking for fire protection
2 services from Hampton or North Hampton.

3 Q But didn't you allude to earlier today that one
4 of your goals was that Wiggin Way customers be
5 treated just like everyone else? And, I guess,
6 if customers -- or, the Town is paying fire
7 protection charges that are about \$163 per
8 customer, and Wiggin Way isn't paying anything
9 for fire protection, you're actually getting a
10 better deal than what North Hampton is getting?

11 A No, I do not believe it's a better deal, because
12 we're not asking for fire protection services.

13 Q Uh-huh. I know you're not asking for it. But my
14 question is, the fire chief is going to say that
15 you're getting that service, you're getting that
16 benefit. So, isn't it up to this Commission to
17 decide the cost of the benefits that you receive,
18 and not just what you -- those you want to
19 receive or not receive?

20 A I'm not sure you asked the right fire department
21 for their opinion on fire service to our
22 subdivision.

23 Q Uh-huh.

24 A You're talking to the Town of Hampton, but we're

[WITNESS: Roy]

1 serviced by the Town of Stratham.

2 Q Okay. So, does that mean your answer is is that
3 you don't know? I mean, my question was is,
4 really, how is it fair, if the fire
5 departments -- and we don't have Stratham's
6 opinion in this case, we do have North Hampton's.
7 But, let's assume, for the sake of this question,
8 that Mr. Lajoie is correct, Chief Lajoie, excuse
9 me, that it would be the primary or secondary in
10 response to a fire. So, if the goal is fairness
11 in rates, and you're getting the benefit from the
12 service, wouldn't the fair outcome be to make an
13 adjustment to account for that?

14 A No, I don't believe so, because we're not asking
15 for fire protection service.

16 MR. RICHARDSON: Thank you. I have no
17 further questions.

18 CHAIRMAN GOLDNER: Okay. Thank you,
19 Mr. Richardson.

20 Okay. So, Mr. Tuomala or Ms. Amidon?

21 MR. TUOMALA: Thank you, Mr. Chair.
22 The Department of Energy does not have any
23 questions for this witness.

24 CHAIRMAN GOLDNER: Okay. Thank you.

[WITNESS: Roy]

1 We'll move to Commissioner questions.

2 Commissioner Chattopadhyay.

3 CMSR. CHATTOPADHYAY: I have probably
4 just one question.

5 BY CMSR. CHATTOPADHYAY:

6 Q And I'm sort of trying to understand, based on
7 what I've read, if the cistern is completely used
8 up, so then you -- is it -- how do you rely on
9 the pond? Is it after that you have taken care
10 of the needs from the cistern that you go to the
11 pond? And can you just explain to me how this
12 firefighting, you know, works? And I'm asking
13 this specifically about Stratham.

14 A I really can't answer that question, because I'm
15 not part of the fire department in Stratham. All
16 that I know is that they maintain the cistern,
17 and they maintain the dry hydrant at the pond,
18 that's filled by a stream and holds hundreds of
19 thousands of gallons of water.

20 I do not know how they will use those
21 or when they call in for mutual aid, under what
22 condition, that they would invoke the mutual aid
23 and ask North Hampton for assistance. I believe
24 it would occur after, you know, they expended the

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1 water. But they have tanker trucks. You know,
2 we're a rural town, that doesn't have a water
3 system, a public water system in Stratham. So,
4 that's how they fight fires all the time.

5 Q And the cost that the Town incurs for
6 firefighting, they recover those charges from you
7 as well, like through the taxes?

8 A That's correct, through our taxes.

9 Q Okay. And would you know what those taxes are?

10 A No, I don't.

11 Q Okay. You mentioned that you've lived in Wiggin
12 Way for the last nine years, if I heard that
13 correctly?

14 A *(Witness indicating in the affirmative).*

15 Q And you don't recall any instance where you had,
16 you know, you had firefighting service relied
17 upon, right? I'm not talking about you,
18 specifically. I'm just talking about Wiggin Way,
19 in general?

20 A That's right. I've been President of the
21 Homeowners Association for eight years. We have
22 a Facebook page where we all communicate
23 regularly about what's happening within our
24 community. There's never been mention of a fire

[WITNESS: Roy]

1 and the need for, you know, activating a water
2 supply source to fight a fire within our
3 subdivision over that time.

4 Q Can you confirm that even for the years before
5 you, you know, became part of Wiggin Way?

6 A I can't.

7 Q Like, the system is there for -- starting 2000.
8 So, I'm sort of curious, if there has been any
9 instance where you had to rely upon firefighting
10 and what the experience was?

11 A Again, I'm not the right person to ask.

12 Q Okay. Yes. I was just hoping if you knew. So
13 your answer is you don't know. Okay.

14 A The answer is "I don't know."

15 CMSR. CHATTOPADHYAY: Yes. I think
16 that's all I have for you.

17 WITNESS ROY: Thank you.

18 CHAIRMAN GOLDNER: I just have one
19 quick follow-up.

20 BY CHAIRMAN GOLDNER:

21 Q So, if you were asked to pay this surcharge to
22 Aquarion, via the request from Hampton and North
23 Hampton, for 18.7 percent, you would be paying
24 fire protection charges twice, right? Because

[WITNESS: Roy]

1 you're getting charged from Stratham, and then
2 you would be getting charged from Aquarion, i.e.,
3 Hampton and North Hampton, is that correct?

4 A That's correct. I do believe that, you know,
5 there would be an unfairness there of
6 double-charging us for fire protection services,
7 for a hydrant doesn't even serve the entire, you
8 know, full 43 houses, it couldn't reach that far.
9 And, then, again, we get fire protection services
10 through our taxes with the Town of Stratham.

11 CHAIRMAN GOLDNER: Okay. Very good.
12 And, when Chief Lajoie is on the stand, I'll ask
13 him a little bit more about how fire protection
14 works. And they probably don't look for, you
15 know, town lines on where the fire protection --
16 where the hydrants are. But I'll talk to Chief
17 Lajoie about that. They probably just worry
18 about putting out the fire.

19 Okay. Very good. Any redirect for
20 your witness, Mr. Reimers?

21 MR. REIMERS: No. No further
22 questions. Thank you, Mr. Roy.

23 CHAIRMAN GOLDNER: Okay.

24 WITNESS ROY: Thank you.

[WITNESS: Roy]

1 CHAIRMAN GOLDNER: Thank you, Mr. Roy.

2 WITNESS ROY: Thank you.

3 CHAIRMAN GOLDNER: We'll now turn to
4 the final two witnesses, Mr. Harned and Chief
5 Lajoie. Is Mr. -- do I see Mr. Harned online?
6 Oh. Sorry, Mr. Harned, you're right there. My
7 apologies.

8 MR. HARNED: No worries.

9 MR. RICHARDSON: Mr. Chairman?

10 CHAIRMAN GOLDNER: Yes.

11 MR. RICHARDSON: Might it be
12 appropriate to either break for lunch or have a
13 brief break, so I can confer with the witnesses
14 about what we've heard today, and get a sense for
15 what questions to ask them for follow-up?

16 CHAIRMAN GOLDNER: Sure. The
17 logistical challenge is is that the next
18 stenographer is due here at 1:00. So, we can
19 either take --

20 MR. PATNAUDE: Well, you can say 12:45.

21 CHAIRMAN GOLDNER: 12:45? Okay, for
22 12:45. So, we could take -- so, 12:45, Steve?

23 MR. PATNAUDE: Yes.

24 CHAIRMAN GOLDNER: Okay. So, we could

1 take 35 minutes for lunch, if that would be
2 acceptable. And, then, come back at 12:45, would
3 that be okay?

4 MR. RICHARDSON: Thank you.

5 CHAIRMAN GOLDNER: Okay. And, with the
6 folks online, is that okay, come back at 12:45?

7 *(Multiple indications in the*
8 *affirmative.)*

9 CHAIRMAN GOLDNER: Okay. Okay, we'll
10 temporarily adjourn and go off the record. Thank
11 you.

12 *(Whereupon upon the **Morning Session** was*
13 *adjourned at 12:10 p.m. for the lunch*
14 *recess, and the hearing to continue*
15 *under separate cover in the transcript*
16 *noted as "**Afternoon Session ONLY**".)*

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