

1 Bodwell Waste Services Corporation

2 before the

3 New Hampshire Public Utilities Commission

4 DW 22-___

5 Direct Testimony of Stephen P. St. Cyr

6 BACKGROUND

7 Q. Please state your name and address.

8 A. Stephen P. St. Cyr of Stephen P. St. Cyr & Associates (“SPS&A”), 17 Sky Oaks Drive,
9 Biddeford, Me. 04005.

10 Q. Please state your present employment position and summarize your professional and
11 educational background.

12 A. I am presently employed by SPS&A, which primarily provides accounting, management,
13 and regulatory services. SPS&A devotes a significant portion of the practice to serving
14 utilities. SPS&A has a number of regulated water and sewer utilities among its clientele.
15 I have prepared and presented a number of franchise, financing, and rate case filings
16 before the New Hampshire Public Utilities Commission (“NHPUC”). Prior to
17 establishing SPS&A, I worked in the utility industry for 16 years, holding various
18 managerial, accounting, and regulatory positions. I have a Business Administration
19 degree with a concentration in accounting from Northeastern University in Boston, Ma. I
20 obtained my CPA certificate from Maryland (but not certified in NH due to different
21 certificate requirements). I obtained a master level Certificate in Taxation from NH
22 College (now Southern New Hampshire University).

23 Q. Is SPS&A presently providing services to Bodwell Waste Services Corporation

1 “Bodwell”)?

2 A. Yes. SPS&A provides administrative services overseeing the billing and collection
3 process, recording deposits and paying bills, reviewing cash position, preparing financial
4 statements, preparing the NHPUC Annual Report, assisting in preparing the tax returns
5 and other administrative matters including overseeing the planning, operation and
6 maintenance of the facilities. SPS&A also assists Bodwell in various regulatory filings
7 including expansion of its franchise, financing of construction projects and adjusting
8 rates. SPS&A has been engaged to assist in the preparation of this petition, testimony,
9 and exhibits.

10 Q. What is the purpose of your testimony?

11 A. The purpose of my testimony is to support Bodwell’s efforts to discontinue its franchise,
12 to discontinue operations, to transfer assets, to pay off its outstanding loan balance and
13 other expenses and to recover its proceeding costs. As to the loan, Bodwell has an
14 outstanding secured loan with Merrimack County Savings Bank (“MCSB”). See,
15 *Bodwell Waste Services Corporation*, Docket No. DW 17-142, Order No. 26,072
16 (November 9, 2017). In that docket, the NHPUC approved a \$450,000/fifteen-year
17 financing. This MCSB note matures in 2032. The transfer of assets discussed later in
18 this testimony does not include this loan, therefore Bodwell will remain responsible for
19 paying off this loan.

20 Q. Please provide an overview of Bodwell.

21 A. Bodwell was incorporated on June 19, 1992 as a private sewer service to serve area
22 housing developments. It first began to operate as a sewer utility on July 6, 1992. A map
23 of Bodwell’s service territory is attached as Attachment A. It is presently owned by

1 Robert S. LaMontagne. Mr. LaMontagne is the only officer and director, and he is not
2 compensated for those positions. The Company is managed by SPS&A. Bodwell now
3 has approximately 528 customers in the southeast corner of the City of Manchester and in
4 the Town of Londonderry (“Town”) off Bodwell Road. Bodwell collects sewage and
5 pumps the sewage through its wastewater system from Bodwell Road to where it
6 connects to the City of Manchester’s (“City”) public sewer system for treatment.
7 Bodwell has three pump stations, mains, and services. At 12/31/21 Bodwell had Assets
8 and Other Debits amounting to \$650,467, of which its total net utility plant amounted to
9 \$508,685. It also had Liabilities and Capital amounting to \$650,467, of which its total
10 long-term debt amounted to \$355,529. See 2021 NHPUC Annual Report, Schedule F-1.
11 Its 2021 Operating Revenues amounted to \$156,334. Its 2021 Net Income (Loss)
12 amounted to -\$22,550. See 2021 PUC Annual Report, Schedule F-2. It has been 16
13 years since its last rate case. Its current rate of \$64.17 per quarter was authorized in DW
14 04-145. Because customers receive sewer service from both Bodwell and the City,
15 Bodwell customers also pay a City sewer bill.

16 Q. If Bodwell seeks to discontinue operations, then who will be taking over this service?

17 A. If approved by the Commission, the City and Town. The City’s Cohas Brook Sewer
18 project is nearing its final stage and because of this project, the City will soon be able to
19 provide sewer service to Bodwell’s customers who reside within the City. See
20 Attachment B for maps of the Cohas Brook Sewer Project and its phases of construction.
21 The City and Bodwell have entered into an agreement to transition sewer service to these
22 customers fully to the City. An agreement with the Town is pending.

23

1 DESCRIPTION OF CITY COHAS BROOK SEWER PROJECT

2 Q. Please provide a brief description of the City’s sewer project.

3 A. The Cohas Brook Sewer Project – Contract 4 (“Project”) is the final project in a decade-
4 long program to expand the City’s wastewater collection system to the southeastern
5 section of the City. The Project is now under construction and will include
6 approximately 10,000 linear feet of new 24-inch diameter interceptor sewer in cross-
7 country along the Bodwell road corridor, adjacent to Cohas Brook, and extending
8 between Cohas Avenue and the Londonderry town line. The Project also includes
9 approximately 7,500 linear feet of new 8-inch collector sewer in Bodwell Road, Pheasant
10 Lane and other areas. The Project will extend public sewer service to more than 1,000
11 living units in southeastern Manchester, which currently discharges their sewer to the
12 private wastewater collection system currently owned by Bodwell. The Project will
13 extend a new 24-inch interceptor sewer to the Londonderry town line in the vicinity of
14 Bodwell’s existing Aaron Drive Pump Station and will further extend the interceptor
15 sewer approximately 600 linear feet into Londonderry, where the interceptor will connect
16 to Bodwell’s existing 8-inch sanitary sewer that receives flow from the Mill Pond
17 Subdivision in Londonderry. The new 24-inch interceptor sewer will connect to
18 Bodwell’s existing 8-inch sanitary sewer in the vicinity of an existing Bodwell drop
19 manhole, which will allow gravity sewer service to be maintained throughout the Project
20 areas without the need for pumping. As a result of the Project, there will no longer be a
21 need for Bodwell’s pump stations. Therefore, these pump stations will be removed from
22 service and demolished as part of the City’s Project. See Attachment C, Memorandum of
23 Understanding (“MOU”) between the City of Manchester, New, Hampshire and Bodwell

1 Waster Services Corporation.

2 Q. As a result of the Project, what is Bodwell's intent with respect to the franchise area, the
3 operation and maintenance of the facilities and assets?

4 A. It is Bodwell's intent to discontinue and dissolve the franchise, discontinue operation and
5 maintenance of the facilities and transfer its remaining assets located within Manchester
6 to the City and those assets located within Londonderry to the Town. As noted above,
7 Bodwell's three pump stations will no longer be needed and as such, Bodwell will no
8 longer need to operate and maintain them. Additionally, because the City and Town will
9 be taking over Bodwell's remaining assets (sewer mains, manholes and appurtenances),
10 Bodwell will no longer need to operate or maintain those assets either.

11 Q. Will Bodwell be paid any money for the assets it transfers? Please explain.

12 A. No. The City is already paying alot to extend its mains to the Bodwell franchise area. As
13 part of the MOU, the City is also decommissioning Bodwell's pump stations as part of
14 Contract 4. This is explained in Condition 2 of the MOU. The City estimates that it will
15 cost over \$1 million dollars to decommission the pump stations. This is much more than
16 Bodwell's book value and should be considered adequate compensation to Bodwell and
17 its customers.

18 Q. How has the City structured the Bid Documents for the Project as it pertains to Bodwell's
19 3 pump stations?

20 A. Bodwell and the City have not presumed NHPUC approval of Bodwell's discontinuance
21 of operations, however, they have included elements in the Project that will allow the
22 City to still bid the Project and be flexible in dismantling the three pump stations if the
23 NHPUC approves Bodwell's petition. Specifically, the City has structured the Bid

1 Documents for the Project to include three (3) distinct bid alternates that the City can
2 elect to add to the Project and construct. Each bid alternative includes new sewer
3 infrastructure that will redirect wastewater flows currently entering the three Bodwell
4 pump stations to the new 24-inch diameter interceptor sewer constructed as part of the
5 Project, thereby allowing the pumping stations and force mains to be removed from
6 service and abandoned prior to transferring assets and ownership of the remaining sewer
7 facilities to the City. Authorization to proceed with each bid alternate shall be
8 determined by the City, which shall be dependent upon satisfactorily meeting the
9 conditions of the MOU.

10 TERMS OF MOU

11 Q. What are the conditions of the MOU?

12 A. There are 6 conditions that have to be met.

13 Q. Please identify the 6 conditions.

14 A. The 6 conditions are located on pages 3, 4, and 5 of the MOU and summarized as
15 follows:

16 (1) Bodwell agrees to immediately proceed to file necessary application
17 with the NHPUC to dissolve the franchise and transfer Bodwell's sewer
18 facilities located in the City of Manchester to the City. Bodwell agrees to
19 endeavor to obtain as expeditiously as possible all necessary approvals from
20 the NHPUC so that construction work associated with the three bid
21 alternatives may be reasonably completed within the contract times
22 associated with the Project. The current Project contract times are January
23 21, 2023 for substantial completion and September 3, 2023 for final
24 completion. Therefore, in accordance with the City's current contract with
25 its selected general contractor, construction work associated with all three
26 bid alternatives must proceed and be completed by January 21, 2023 in
27 order for the sewer facilities to be transferred to the City as part of the
28 Project. To allow the general contractor sufficient time to construct the
29 improvements with all three bid alternates by January 21, 2023, Bodwell
30 shall obtain all necessary NHPUC approvals by no later than September 15,
31 2022.

1
2 (2) Following receipt of necessary approvals by the NHPUC, the City and
3 Bodwell agree to execute a Sewer Facilities Deed of Transfer to transfer
4 ownership of the sewer facilities located in City.
5

6 (3) The Sewer Facilities Deed of Transfer shall establish an appropriate
7 schedule for transferring the ownership of the Sewer Facilities from
8 Bodwell to the City in a manner that corresponds to the planned
9 construction sequence for the Contract 4 Project. The formal transfer of
10 ownership of the Sewer Facilities shall coincide with the substantial
11 completion of construction from Bid Alternate Nos. 1, 2 and 3. The
12 substantial completion of construction for the Bid Alternate Nos, 1, 2, and 3
13 and the formal transfer of the ownership of the Sewer Facilities shall occur
14 prior to the franchise dissolution of Bodwell.
15

16 (4) Upon recording of the Sewer Facilities Deed of Transfer, substantial
17 completion of construction of Bid Alternate 1, 2, and 3, and the formal
18 transfer of the Sewer Facilities to the City, Bodwell shall no longer have any
19 obligation with respect to the care, operation, maintenance, and repair of the
20 Sewer Facilities.
21

22 (5) If Bodwell does not meet the conditions, the City reserves the right to
23 refuse ownership of the Sewer Facilities by not executing the Sewer
24 Facilities Deed of Transfer or by postponing executing the Sewer Facilities
25 Deed of Transfer until such time that the conditions are satisfactorily met in
26 the opinion of the City.
27

28 (6) During the course of constructing the Project, it will become necessary
29 to remove and/or relocate sections of the Bodwell's existing force main for
30 Bodwell's existing Rosecliff pump station that along the Bodwell Road
31 corridor.
32

33 Q. Does Bodwell have an MOU with the Town for the transfer of those assets?

34 A. No, not yet. Bodwell and the Town are still finalizing their agreement on the transfer of
35 the assets. As soon as that agreement is drafted, Bodwell will file it with the
36 Commission. Bodwell chose not to delay its present filing with the Commission until
37 receipt of that Town MOU because time is of the essence with respect to obtaining
38 Commission approval and meeting the City's conditions.

39 Q. Is there anything else that you would like to address?

1 A. Bodwell would like to emphasize the timeline cited in the MOU, namely the current
2 Project contract times are January 21, 2023 for substantial completion and September 3,
3 2023 for final completion. Therefore, in accordance with the City’s current contract with
4 its selected general contractor, construction work associated with all three bid alternatives
5 must proceed and be completed by January 21, 2023 in order for the sewer facilities to be
6 transferred to the City as part of the Project. To allow the general contractor sufficient
7 time to construct the improvements with all three bid alternates by January 21, 2023,
8 Bodwell needs to obtain all necessary NHPUC approvals by no later than September 15,
9 2022. See Attachment C, MOU at page 4 and Attachment D at page 2.

10 LOAN AND OTHER EXPENSES

11 Q. In addition to the conditions identified in the MOU, is there anything else that Bodwell
12 needs in order to proceed?

13 A. Yes. Bodwell has a NHPUC approved loan with Merrimack County Savings Bank. The
14 balance on the loan at December 31, 2021 amounted to \$355,529. At January 31, 2023,
15 for substantial completion and September 3, 2023 for final completion, the projected loan
16 balances will be \$328,615.14 and \$310,363.38, respectively. In order to pay the loan off,
17 Bodwell proposes to continue to bill its customers \$64.17 per quarter and use the
18 proceeds to pay off the loan. See Attachment E for a schedule of loan payments.

19 Q. How long would Bodwell need to bill customers after the Bodwell assets are transferred
20 to the City and Town.

21 A. Assuming \$64.17 from 528 customers per quarter, a projected revenue of approximately
22 \$33,881.76 per quarter, Bodwell expects that the billing would need to continue for 10-12
23 quarters. That equates to 2 ½ to 3 years. At that point, the Bodwell portion of customers’

1 sewer expenses would cease and customers would then only have to pay the City.

2 Q. Will this billing cover all of the Bodwell's expenses as a public utility?

3 A. No. Bodwell will be incurring other and regulatory expenses related to winding down its
4 utility affairs and terminating service. Bodwell proposes that it recover its costs and this
5 proceeding' costs in the form of a surcharge on customer bills. The Company proposes
6 that it file with the NHPUC its accounting of proceeding costs so that the NHPUC,
7 Department of Energy, Office of the Consumer Advocate and any other intervenors can
8 review and audit the costs prior to establishing the surcharge rate and term. Presumably,
9 the term for the surcharge on customer bills would be shorter than the term needed for
10 repayment of the loan, which I previously noted could take 10 – 12 quarters, or 2 ½ - 3
11 years.

12 CONCLUSION

13 Q. Would you please summarize what the Company is requesting in this proceeding?

14 A. The Company is seeking NHPUC approval to discontinue the franchise, to discontinue
15 operations, to transfer assets to the City and Town, to continue billing customers its
16 present rate so that proceeds can be used to pay off the outstanding loan balance, and
17 authority to impose a customer surcharge so as to recover other administrative expenses
18 and its regulatory costs for this proceeding.

19 Q. Does this conclude your testimony?

20 A. Yes.

21

22 SPSt. Cyr

23 03/10/22