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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

March 23, 2023 - 9:05 a.m.
21 South Fruit Street
Suite 10
Concord, NH

RE: **DW 22-058**
BEDFORD WASTE SERVICES CORPORATION:
Request for Change in Rates.
(Hearing regarding temporary rates)

PRESENT: Cmsr. Pradip K. Chattopadhyay, Presiding
Commissioner Carleton B. Simpson

Lynn Fabrizio, Esq./PUC Legal Advisor

Tracey Russo, Clerk

APPEARANCES: **Reptg. Bedford Waste Services Corp.:**
Marcia A. Brown, Esq. *(NH Brown Law)*

Reptg. New Hampshire Dept. of Energy:
Matthew C. Young, Esq.
Jayson Laflamme, Dir./Water Division
Robyn Descoteau, Water Division
(Regulatory Support Division)

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

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I N D E X

PAGE NO.

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 ROBYN J. DESCOTEAU**

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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Temporary Rates Filing	<i>premarked</i>
2	Bedford Waste Services Annual Report	<i>premarked</i>
3	Settlement Agreement on Temporary Rates	<i>premarked</i>
4	RESERVED FOR RECORD REQUEST <i>(Provide Live Excel Spreadsheet(s) of Exhibit 3 (Settlement Agreement on Temporary Rates)</i>	(40), 56

P R O C E E D I N G

1
2 CMSR. CHATTOPADHYAY: Good morning,
3 everyone. I'm Commissioner Chattopadhyay in the
4 presiding role this morning, as Chairman Goldner
5 is not available. I'm joined today by
6 Commissioner Simpson.

7 We are here this morning in Docket DW
8 22-058 for a hearing regarding Bedford Waste
9 Services Corporation's Request for Temporary
10 Rates filed on October 17, 2022. Importantly,
11 for this hearing, a Settlement Agreement between
12 Bedford Waste Services Corporation and the New
13 Hampshire Department of Energy on Temporary Rates
14 was filed on March 16th, 2023.

15 Before any other preliminaries, let's
16 take appearances. So, let's start with Bedford
17 Waste Services.

18 MS. BROWN: Good morning, Commissioner
19 Chattopadhyay and Simpson. Thank you very much
20 for today's hearing. I am Marcia Brown, with
21 NH Brown Law, representing Bedford Waste Services
22 Corporation. And to my right is Stephen P. St.
23 Cyr, who will be a witness on the witness panel
24 today; and to his right is Bob LaMontagne, who is

1 the owner of Bedford Waste; and to his right is
2 Carleton Roberts, who is also with Bedford Waste
3 Services.

4 Thank you.

5 CMSR. CHATTOPADHYAY: Thank you. Let's
6 go to Department of Energy.

7 MR. YOUNG: Good morning,
8 Commissioners. My name is Matthew Young, on
9 behalf of the Department of Energy. With me
10 today, to my far left, is Robyn Descoteau, who is
11 an Analyst in the Water Division, and will be
12 joining Mr. St. Cyr on the witness panel today;
13 and to my immediate left is Jayson Laflamme, who
14 is the Director of the Water Division.

15 CMSR. CHATTOPADHYAY: Thank you. So, I
16 can clearly see there are no intervenors. But
17 are you aware of anything like that?

18 MS. BROWN: The Company is not aware of
19 any intervenors or other customers who wish to
20 participate today.

21 CMSR. CHATTOPADHYAY: So, there are no
22 more preliminary matters to address, before I
23 prefile and premark exhibits, right?

24 All right. I have Exhibits 1-3

1 prefiled and premarked for identification.

2 Are there any additional exhibits to be
3 introduced today?

4 MS. BROWN: None from the Company.

5 MR. YOUNG: None from the Department.

6 CMSR. CHATTOPADHYAY: Thank you. And
7 I'm assuming the witnesses are going to appear in
8 a panel, right?

9 MS. BROWN: That is correct. They will
10 be on the witness stand together, for the ease of
11 Commissioner questions. Although, I think we're
12 going to have fairly separate direct examination
13 by counsel of each witness. But that -- so, it's
14 not going to be fully integrated, but they will
15 both be up at the panel together.

16 CMSR. CHATTOPADHYAY: Okay. So,
17 because I think it's probably efficient to have
18 both the witnesses sworn in at the same time.
19 So, I'll ask the witnesses to go to the box
20 there.

21 MS. BROWN: And, just for the record,
22 the Company does not have any preliminary
23 explanation. We are ready to just launch into
24 the direct examination.

[WITNESS PANEL: St. Cyr|Descoteau]

1 Thank you.

2 CMSR. CHATTOPADHYAY: Okay. Likewise
3 with New Hampshire DOE?

4 MR. YOUNG: Yes. That's fine.

5 CMSR. CHATTOPADHYAY: Okay.

6 (Whereupon **Stephen P. St. Cyr** and
7 **Robyn J. Descoteau** were duly sworn by
8 the Court Reporter.)

9 CMSR. CHATTOPADHYAY: Okay. So, let's
10 go to the direct. Let's start with the Company.

11 MS. BROWN: Okay. Thank you very much.

12 **STEPHEN P. ST. CYR, SWORN**

13 **DIRECT EXAMINATION**

14 BY MS. BROWN:

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

17 A (St. Cyr) My name is Stephen P. St. Cyr. I'm the
18 owner and operator of St. Cyr & Associates. We
19 do accounting, tax, management, and regulatory
20 services.

21 Q And can you please summarize your area of
22 expertise?

23 A (St. Cyr) It would be accounting, tax,
24 management, and regulatory services.

[WITNESS PANEL: St. Cyr|Descoteau]

1 Q Okay. And, for background, if you could please
2 summarize your education and professional
3 experience?

4 A (St. Cyr) Yes. I have a B.S. degree from
5 Northeastern University, with a concentration in
6 Accounting; I have a Master's level degree in
7 Taxation from New Hampshire College, now Southern
8 New Hampshire. And I have a Certificate of
9 Public Accountant from Maryland years ago.

10 Q Thank you. Can you please describe your
11 involvement with this docket, 22-058?

12 A (St. Cyr) Yes. I prepared the original
13 temporary, permanent, Step 1, and Step 2 rate
14 schedules, the rate testimony, and the other rate
15 case filing requirements.

16 Q The work you did on this docket, is that within
17 your area of expertise?

18 A (St. Cyr) Yes.

19 Q Okay. Have you, Mr. St. Cyr, worked on other
20 rate cases before this Commission?

21 A (St. Cyr) I have.

22 Q And can you just give an overview of how long of
23 an experience of rate case involvement before
24 this Commission you have?

[WITNESS PANEL: St. Cyr|Descoteau]

1 A (St. Cyr) I am actually proud to say that at May
2 1, 2023 will be 30 years.

3 Q And do you consider processing rate cases before
4 the PUC to be within your area of expertise?

5 A (St. Cyr) Yes.

6 Q Okay. Does your involvement in rate cases, is it
7 focused on the water industry?

8 A (St. Cyr) Primarily water and sewer, yes.

9 Q Okay. Thank you. I'd like to turn to the
10 exhibits, and just briefly start authenticating
11 them.

12 Mr. St. Cyr, do you have Exhibit 1 in
13 front of you?

14 A (St. Cyr) Yes.

15 Q And are you familiar with this document?

16 A (St. Cyr) I am.

17 Q And what is it?

18 A (St. Cyr) This is the original temporary rate
19 filing document.

20 Q And what's your involvement with this document?

21 A (St. Cyr) I, again, prepared the temporary rate
22 filing schedules, the testimony, and the other
23 rate filing requirements.

24 Q Okay. And you mentioned "testimony". If I could

[WITNESS PANEL: St. Cyr|Descoteau]

1 have you turn to Page 9 of Exhibit 1, and tell me
2 if that's your testimony?

3 A (St. Cyr) It is.

4 Q And do you have any -- or, was this testimony
5 prepared by you or under your direct supervision?

6 A (St. Cyr) It was prepared by me.

7 Q Okay. Do you have any changes or corrections
8 that you need to make to this?

9 A (St. Cyr) I do not.

10 Q So, is it true that the best -- to the best of
11 your knowledge, is the testimony in here true and
12 accurate then?

13 A (St. Cyr) Yes.

14 Q Would you adopt this prefiled direct testimony as
15 part of your oral testimony today?

16 A (St. Cyr) Yes.

17 Q Mr. St. Cyr, what is the test year for this rate
18 case?

19 A (St. Cyr) The test year is 2021.

20 Q Okay. And knowing that you prepared the
21 testimony and the schedules, can you please
22 summarize for the record what are the drivers for
23 the need for rate relief?

24 A (St. Cyr) So, the short answer to that is that

[WITNESS PANEL: St. Cyr|Descoteau]

1 it's been 18 years since the last rate case. The
2 existing rates and the level of revenue are now
3 no longer adequate to cover the existing costs
4 and allow the Company to earn a fair return on
5 its rate base.

6 Q Mr. St. Cyr, since the last rate case, has the
7 rate base increased?

8 A (St. Cyr) Yes. On an annual basis, the Company
9 is adding anywhere from four to five on the low
10 side, to ten or twelve on the high side, number
11 of pumps each year.

12 Q Okay. Do you have a dollar amount to attribute
13 to that, on how much rate base has increased?

14 A (St. Cyr) So, during the test year, the Company
15 spent \$26,353 on the replacement of seven pumps.

16 Q Okay. Thank you. Mr. St. Cyr, what was the last
17 authorized rate of return?

18 A (St. Cyr) It was 8 percent.

19 Q Okay. And, in the temporary rate filing, which
20 is Exhibit 1 that you just explained, what was
21 the rate of return that was proposed?

22 A (St. Cyr) So, the Company originally proposed
23 maintaining the existing rate of return, which
24 would be the 8 percent.

[WITNESS PANEL: St. Cyr|Descoteau]

1 Q And is that the rate of return that's proposed in
2 the Settlement today?

3 A (St. Cyr) So, the Company and the DOE settled on
4 6.8 percent.

5 Q And what was the basis for that 6.8 percent?

6 A (St. Cyr) So, there's an existing loan with
7 Merrimack County Savings Bank. This was a loan
8 that was authorized in 2017. The loan had a
9 five-year reset of the interest rate, and that
10 reset was scheduled for December 2022. It just
11 took place, and the new interest rate on that
12 loan is 6.8 percent.

13 Q Now, Mr. St. Cyr, have you done multiple rate
14 cases for this Company?

15 A (St. Cyr) I believe I did the original case, and
16 one, in between that one and the last one, which
17 took place in 2024-25 -- I'm sorry, 2004 to 2005.

18 Q Okay. Thank you. And, with that knowledge and
19 background of this Company, is it common for the
20 rate of return to be heavily influenced by
21 interest rates?

22 A (St. Cyr) Well, in this Company's case, because
23 the equity is negative, the rate of return tends
24 to be whatever the stated debt rate is.

[WITNESS PANEL: St. Cyr|Descoteau]

1 Q Okay. Thank you for that explanation. I'd like
2 to just talk a little bit about the expenses.
3 Were there any proformed expenses for 2021 test
4 year?

5 A (St. Cyr) So, normally, for temporary rates, the
6 Company tries not to make any adjustments. But,
7 in 2021, the Company wrote off a bad debt
8 associated with one customer, that amounted to
9 16,000, which drove the net of return -- drove
10 the rate of return significantly lower than it
11 would have otherwise been. So, the Company did
12 make an adjustment to back that out of both
13 temporary and permanent rates.

14 And then, the Company made one other
15 adjustment for depreciation in the test year.
16 The depreciation associated with the 2021
17 additions was a half a year, and the Company
18 adjusted it for a full year.

19 Those were the two, the only two
20 adjustments that we made for temporary rate
21 purposes.

22 Q And with those adjustments -- or, what was the
23 reason for those adjustments? Was it to perhaps
24 normalize the test year?

[WITNESS PANEL: St. Cyr|Descoteau]

1 A (St. Cyr) So, in the case of the bad debt
2 expense, it was a one-time non-reoccurring
3 expenditure. And, in the case of the
4 depreciation expense, it was to get the half-year
5 depreciation to the full year, to reflect what
6 would normally be taking place annually over the
7 next seven years for those pumps.

8 Q Thank you. Mr. St. Cyr, do you have Exhibit 2 in
9 front of you?

10 A (St. Cyr) I do.

11 Q And can you please explain for the record what
12 Exhibit 2 is?

13 A (St. Cyr) This is Bedford Waste Service Company's
14 2021 Annual Report.

15 Q And did you have a hand in creating this
16 document?

17 A (St. Cyr) I prepared this as well.

18 Q Okay. And are you aware of any changes or
19 corrections that need to be made to this exhibit?

20 A (St. Cyr) No.

21 Q Mr. St. Cyr, is this Exhibit 2 on file with the
22 Commission?

23 A (St. Cyr) Yes.

24 Q And are you familiar with the authority that the

[WITNESS PANEL: St. Cyr|Descoteau]

1 Commission can approve temporary rates based on
2 books and records on file with the Commission?

3 A (St. Cyr) I am.

4 Q And would you consider this Exhibit 2 to be a
5 book and record on file that the Commission could
6 use to support the temporary rates?

7 A (St. Cyr) I would.

8 Q Okay. Thank you. I'd like to have you turn to
9 Bates Page 020 for Exhibit 2. And let me know
10 when you're there.

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

12 Q Okay. And this is the "F-2 Statement of Income",
13 correct?

14 A (St. Cyr) Yes, it is.

15 Q Okay. And can you please describe if there was
16 any loss or profit for 2021?

17 A (St. Cyr) So, the 2021 net loss was "\$22,142",
18 and that net loss included \$16,475 pertaining to
19 that bad debt expense associated with the one
20 customer. As I said earlier, Bedford made an
21 adjustment for that bad debt for both temporary
22 and permanent rates. So, for temporary rates,
23 that bad debt has been eliminated from the test
24 year expenses.

[WITNESS PANEL: St. Cyr|Descoteau]

1 Q Mr. St. Cyr, do you consider that Exhibit 2 shows
2 that the Company is in need of rate relief?

3 A (St. Cyr) I do.

4 Q Okay. Can I have you turn back to Page Exhibit
5 -- I'm sorry, Exhibit 1, but Page 23. And this
6 is the "Statement of Income", if you are there?

7 A (St. Cyr) Yes.

8 Q Okay. And does this Statement of Income also
9 demonstrate that the Company is in need of rate
10 relief?

11 A (St. Cyr) Yes. It's the same Statement of Income
12 for 2021. There was a one dollar rounding
13 difference between the two schedules. But it's
14 essentially the same revenue and expenses.

15 Q Okay. Thank you. I was going to ask you about
16 the one dollar difference. And did you just say
17 that it was a rounding?

18 A (St. Cyr) Yes.

19 Q Thank you. So, if the Commission were to look
20 for the books and records on file with the
21 Commission -- books and records on file that
22 support the temporary rate relief requested,
23 would you direct them to Exhibits 1 and 2?

24 A (St. Cyr) Yes.

[WITNESS PANEL: St. Cyr|Descoteau]

1 Q Okay. Thank you. Can I have you turn to
2 Exhibit 3? And have you explain for the record
3 what this document is?

4 A (St. Cyr) This is the Settlement Agreement
5 between the Company and the Department of Energy
6 for Temporary Rates.

7 Q Are you familiar with this document?

8 A (St. Cyr) I am.

9 Q Did you participate in the preparation of this
10 document?

11 A (St. Cyr) I did.

12 Q Are you aware of any changes or corrections that
13 need to be made to this document?

14 A (St. Cyr) No.

15 Q Can you please summarize what percent increase
16 has been agreed to?

17 A (St. Cyr) The percent agreed to is "16.19
18 percent", and that's shown on Bates Page 021, the
19 very last page of the Temporary Rate Settlement
20 Agreement.

21 Q Thank you. And, Mr. St. Cyr, what is the dollar
22 value of the revenue requirement increase?

23 A (St. Cyr) That, too, is shown on Bates Page 021.
24 The dollar value is "\$8,175".

[WITNESS PANEL: St. Cyr|Descoteau]

1 Q Thank you. And that's the "Effect of Change",
2 first column, third line down?

3 A (St. Cyr) Yes.

4 Q Okay. Mr. St. Cyr, for comparison, how much of a
5 permanent rate increase do you consider the
6 Company needs?

7 A (St. Cyr) The Company proposed \$19,488.

8 Q And what percent increase does that represent?

9 A (St. Cyr) That represents a 39 percent increase.

10 Q So, would you consider this 16.19 percent
11 temporary request to be about half of that?

12 A (St. Cyr) Roughly, half. It's 42 percent of what
13 the Company has proposed for permanent rates.

14 Q Okay. Thank you. And I'd like to have you turn
15 to Page 7 of Exhibit 3. And this is the
16 "Computation of Revenue Deficiency", if you're
17 there?

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

19 Q Can you please walk us through the calculations
20 in this Computation of Revenue Deficiency?

21 A (St. Cyr) Yes. So, in the column "Proforma", we
22 have the rate base stated at "\$95,266". To that,
23 we apply the agreed-upon 6.8 percent rate of
24 return. And what it does is it produces an

[WITNESS PANEL: St. Cyr|Descoteau]

1 operating income requirement of "\$6,478".

2 Now, if you turn to Bates

3 Page 009 [008?], Line 1, the operating revenue,
4 you can see that the Company has proformed the
5 revenue by \$8,175, producing an overall revenue
6 requirement of \$56,467. And when you take the
7 400 -- the six -- the five -- I'm sorry. When
8 you take the total revenue requirement of 56,467,
9 and you reduce that by the test year pro forma
10 operating expenses of 49,989, you end up with a
11 net operating income of \$6,478, which is the
12 amount of operating income required, given the
13 pro forma rate base and the agreed-upon rate of
14 return.

15 Q And thank you for incorporating Page 9 [8?],
16 because I had only referenced "Page 7". But
17 you're correct. We needed to have both 7 and
18 9 [8?] in there.

19 I'd like to have you turn to the Report
20 of Proposed Rate Change, which is Page 21. And
21 for the record, can you just explain what are
22 customers paying now and what are customers
23 proposed to pay under temporary rates?

24 A (St. Cyr) So, under the "Present Authorized

[WITNESS PANEL: St. Cyr|Descoteau]

1 Revenue" [sic] column, there's an average
2 residential customer amount. That annual amount
3 is "\$623.08". That breaks out to "155.77" a
4 quarter. What the Company is proposing is
5 "723.94", which represents a \$100.86 increase.

6 Q Now, Mr. St. Cyr, you touched upon this briefly
7 in your temporary rate testimony about the goal
8 of temporary rates. And can you please state for
9 the record, or summarize, you know, what is the
10 goal? What is the policy reason to allow
11 temporary rates to go into effect?

12 A (St. Cyr) So, from the Company's perspective, and
13 I stated this in my testimony, generally, the
14 goal of the temporary rate filing is to increase
15 the rate to approximately 50 percent of the
16 permanent rates. By implementing a temporary
17 rate of approximately 50 percent of the permanent
18 rate, temporary revenues will increase, resulting
19 in an increase in cash to pay bills, lessening
20 the impact of the permanent rate, and lessening
21 the amount of the temporary rate -- temporary to
22 permanent rate difference.

23 I should also say that, by phasing in
24 the temporary rate, it promotes gradualism and

[WITNESS PANEL: St. Cyr|Descoteau]

1 lessens the amount of the rate shock that a
2 customer would see if the permanent rate were to
3 go into effect all at one time. And then, in
4 addition, the Company is, in fact, in a revenue
5 deficiency position, and the sooner the rate
6 relief the better. It improves cash flow, and
7 just allows the Company to operate the way it can
8 and should.

9 Q Thank you for that. I'd like to have you turn to
10 Page 4 of Exhibit 3. This is the "Terms of [the
11 Settlement] Agreement", in particular, to
12 Paragraph B. And tell me, for the record, what
13 is the effective date for temporary rates?

14 A (St. Cyr) The effective date is November 17,
15 2022.

16 Q Okay. Backing up a little bit. For the
17 customers, how many customers are there?

18 A (St. Cyr) The Company has 78 customers.

19 Q And are they all residential?

20 A (St. Cyr) Yes.

21 Q So, with respect to the November 17th effective
22 date, is this going to be on a service-rendered
23 or bills-rendered basis?

24 A (St. Cyr) It's on a service-rendered basis.

[WITNESS PANEL: St. Cyr|Descoteau]

1 Q And how frequently does the Company bill
2 customers?

3 A (St. Cyr) The Company bills quarterly.

4 Q And what are the dates of those quarterly bill
5 issuances?

6 A (St. Cyr) They're issued January 1, April 1, July
7 1, and October 1, for the previous quarter. So,
8 that April 1 bill would be for January, February,
9 and March of the current year.

10 Q Okay. So, for it being -- if today is March
11 23rd, the bill issuance would be normally April
12 1st, is that correct?

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

14 Q In light of the temporary rate increase request
15 pending before the Commission, would the Company
16 be amenable to withholding the bills a bit to
17 wait for the Commission order?

18 A (St. Cyr) It would.

19 Q Are there any important invoices that the Company
20 needs to pay in April?

21 A (St. Cyr) Every invoice is important.

22 Q Well, are there any --

23 A (St. Cyr) So, the Company is already behind in
24 some of its payments. The owner put in some

[WITNESS PANEL: St. Cyr|Descoteau]

1 money in December in order to cover expenditures
2 up through November at the time. But here we
3 are, a few months later, and we're not fully
4 caught up.

5 So it's important for the Commission to
6 issue an order as soon as possible. We would
7 hold the bills, I would say, a few days, maybe
8 even a week or two, if we had to. But rather not
9 wait till, say, the end of the month or May. So,
10 I guess I would just say the sooner the better,
11 from the Company's perspective.

12 Q Okay. Thank you. Now, if the bills are issued
13 in April, and this is a temporary rate effective
14 November 17th, what are the mechanics on how the
15 Company -- if you could please describe those
16 mechanics, of how the Company makes this an
17 effective service-rendered back to November?

18 A (St. Cyr) So, if the Company had a Commission
19 order approving the temporary rates, the
20 temporary rates would be incorporated in the
21 April 1 bill, it would be for the period January,
22 February, and March, which is subsequent to the
23 effective date of November 17th. And, in
24 addition to having the additional revenue

[WITNESS PANEL: St. Cyr|Descoteau]

1 associated with the temporary rate, it would also
2 reduce the temporary to permanent rate difference
3 upon the approval of a permanent rate.

4 Q So, is it that the temporary/permanent rate
5 reconciliation, that is where the effective date
6 is actually put into effect?

7 A (St. Cyr) That is correct.

8 Q Okay. All right. Thank you. And, with the
9 reconciliation, is it your opinion that customers
10 are fully protected from any under- or
11 over-collection, because there's a reconciliation
12 of the temporary rate to a permanent rate?

13 A (St. Cyr) Yes.

14 Q Okay. Thank you. Now, I'd like to touch upon
15 the notice that the customers have had with
16 respect to this rate case.

17 Can you please describe the steps the
18 Company has taken to notify the Company's
19 customers of the proposed rate increases?

20 A (St. Cyr) Yes. So, on September 15th, the
21 Company filed a Notice of Intent per Puc 1604.05
22 and RSA 378. On October 17, 2022, the Company
23 filed its tariff and provided the required 30-day
24 notice before the effective date, November 17th,

[WITNESS PANEL: St. Cyr|Descoteau]

1 2022. On November 10th, the Company mailed
2 its -- mailed each customer a copy of the PUC
3 order suspending Bedford's rate schedules and
4 opening an investigation into rates.

5 And then, on November 17th and
6 November 29th of 2022, I participated in a
7 community call with customers, to provide
8 customers with an overview of the Company, its
9 physical plant, its operation, as well as the
10 proposed financing and the proposed rates. And
11 then, I made myself available for questions from
12 customers.

13 Q Okay. Thank you. With respect to the mailing to
14 the customers, was that a postal mailing or was
15 that an e-mail? If you could just please
16 describe the delivery method?

17 A (St. Cyr) It was via the U.S. Postal Service.

18 Q Okay. With respect to the notice to the
19 customers, did the Company file an affidavit of
20 its notice to the customers with the Commission?

21 A (St. Cyr) It did. On December 15, 2022, the
22 Company filed the affidavit with the Commission.

23 Q Okay. All right. Are there any rate design
24 changes proposed in temporary rates?

[WITNESS PANEL: St. Cyr|Descoteau]

1 A (St. Cyr) No.

2 Q Okay. Do you have an opinion on the just and
3 reasonableness of the proposed temporary rates?

4 A (St. Cyr) I do. I believe that they are, in
5 fact, just and reasonable.

6 Q We've covered a lot of issues in your direct
7 testimony. Is there any one of these issues that
8 you think is more of a priority than others for
9 the Commission to focus on?

10 A (St. Cyr) The single most important thing is, to
11 the extent that you approve the order, that you
12 do that sooner, rather than later. The April 1
13 date isn't a hard date. But, obviously, a delay
14 in billing isn't good for the Company.

15 And then, I guess the other thing I
16 would just call to the Commission's attention,
17 there is a proposed financing. There was a
18 temporary -- not a "temporary", a Financing
19 Settlement Agreement that was also filed on
20 March 16, 2022. And I would encourage you to
21 approve that as well.

22 The next payment due to the Merrimack
23 County Savings Bank is April 6th. We would like
24 the financing to be in place, so that we can make

[WITNESS PANEL: St. Cyr|Descoteau]

1 a final payout of that loan and can convert that
2 loan and the other financing requirements as of
3 that date.

4 MS. BROWN: I have no further questions
5 for the witness panel.

6 CMSR. CHATTOPADHYAY: Thank you. Does
7 the DOE have any cross?

8 MR. YOUNG: We have no questions for
9 Mr. St. Cyr.

10 CMSR. CHATTOPADHYAY: Thank you. So,
11 can you please make your witness available for
12 the direct, and then proceed?

13 MR. YOUNG: Certainly.

14 **ROBYN J. DESCOTEAU, SWORN**

15 **DIRECT EXAMINATION**

16 BY MR. YOUNG:

17 Q Ms. Descoteau, could you please state your name
18 and position at the Department for the record?

19 A (Descoteau) My name is Robyn J. Descoteau. And
20 I'm a Utility Analyst for the Water and Sewer
21 Group of Regulatory Support.

22 Q And how long have you held your current position?

23 A (Descoteau) I've been a Utility Analyst for
24 eleven years. I worked with the Public Utilities

[WITNESS PANEL: St. Cyr|Descoteau]

1 Commission for nine years, prior to the creation
2 of the Department of Energy two years ago.

3 Q And what are your primary responsibilities as an
4 analyst in the Water Division?

5 A (Descoteau) I am responsible for the examination,
6 evaluation, and analysis of rate and financing
7 filings, including the Department's position
8 regarding changes in revenue levels that conform
9 to regulatory methodologies and/or proposals for
10 economic, accounting, and operational changes
11 affecting regulatory utility revenue
12 requirements.

13 I also represent the Department in
14 meetings with company officials, outside
15 attorneys, accountants, relative to rate case and
16 financing matters.

17 Q Thank you. And, in your capacity as an analyst,
18 did you examine the Company's Petition for
19 Temporary Rates in this proceeding?

20 A (Descoteau) Yes, I did.

21 Q And would you describe your involvement in this
22 docket in a little more detail?

23 A (Descoteau) In addition to examining the Petition
24 for Temporary Rates, I reviewed the audit report

[WITNESS PANEL: St. Cyr|Descoteau]

1 and propounded discovery. Additionally, I was
2 part of the team that met with the Company to
3 arrive at the Settlement Agreement.

4 Q Thank you. And do you have Exhibit 3, the
5 Settlement Agreement, in front of you?

6 A (Descoteau) Yes, I do.

7 Q And are you familiar with this exhibit?

8 A (Descoteau) Yes, I am.

9 Q And Exhibit 3 is the "Settlement Agreement on
10 Temporary Rates", is that correct?

11 A (Descoteau) Yes. It is the "Settlement Agreement
12 on Temporary Rates".

13 Q And are you aware of any material changes or
14 corrections that need to be made to Exhibit 3?

15 A (Descoteau) No, I am not.

16 Q Thank you. And is Bedford -- the Company's 2021
17 Annual Report on file with the Commission?

18 A (Descoteau) Yes, it is.

19 Q And that is the same report that the Company
20 presented as "Exhibit 2", is that correct?

21 A (Descoteau) Yes. Exhibit 2 is Bedford's 2021
22 Annual Report.

23 Q So, then, based on your review of the Company's
24 temporary rate request, the Company's 2021 Annual

[WITNESS PANEL: St. Cyr|Descoteau]

1 Report, and the Settlement presented today,
2 marked as "Exhibit 3", do you believe that the
3 proposed temporary rates are just and reasonable?

4 A (Descoteau) Yes, I do.

5 Q Thank you. And then, with reference to RSA
6 378:27, the standard that the "temporary rates
7 shall be sufficient to yield not less than a
8 reasonable return on the cost of the property of
9 the utility used and useful in the public service
10 less accrued depreciation, as shown by the
11 reports of the utility filed with the
12 commission", do you agree that this Settlement
13 adequately addresses the relevant statutory
14 standards?

15 A (Descoteau) Yes, I do.

16 Q Thank you. And, based on what you've heard this
17 morning from Mr. St. Cyr, do you have anything
18 else to add today?

19 A (Descoteau) No, I do not.

20 MR. YOUNG: Thank you. Commissioners,
21 that is all we have for direct.

22 CMSR. CHATTOPADHYAY: Thank you. Does
23 the Company have any cross?

24 MS. BROWN: No friendly cross. Thank

[WITNESS PANEL: St. Cyr|Descoteau]

1 you.

2 CMSR. CHATTOPADHYAY: Thank you. So,
3 we will go to the Commissioners' questions. And
4 I will go to Commissioner Simpson, please.

5 CMSR. SIMPSON: Thank you, Commissioner
6 Chattopadhyay.

7 BY CMSR. SIMPSON:

8 Q So, starting with Mr. St. Cyr. So, you mention
9 the "financing" and "temp. rates", your hope is
10 that we can issue an order prior to April 1st for
11 both of those? Did I understand that correctly?

12 A (St. Cyr) Yes.

13 Q And, just so I understand, the conversation with
14 respect to "holding bills", is that driven by
15 your desire for orders in these proceedings that
16 we just mentioned, so that the subsequent -- the
17 next bill can reflect temp. rates and potentially
18 the financing?

19 A (St. Cyr) To reflect the temporary rates. The
20 financing wouldn't have any impact on the --

21 *[Court reporter interruption.]*

22 **CONTINUED BY THE WITNESS:**

23 A (St. Cyr) -- on the April 1 billing.

24 BY CMSR. SIMPSON:

[WITNESS PANEL: St. Cyr|Descoteau]

1 Q Okay. And, with respect to the bad debt, so,
2 it's about 16,475, that's one customer?

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

4 Q I mean, that must be years of arrearages, right?

5 A (St. Cyr) It is.

6 Q Okay. And has the -- can you elaborate on what
7 the Company has done, in your testimony you
8 mentioned that you're "pursuing this in court",
9 but with respect to customer engagement on that
10 issue?

11 A (St. Cyr) So, we've had trouble with the customer
12 responding. We have made numerous attempts over
13 numerous years. And, ultimately, it got to the
14 point where we decided to take the customer to
15 court. We have, in fact, done that. The
16 customer was not particularly responsive even
17 under those circumstances. And, ultimately, the
18 court issued a default judgment, granting
19 recovery of that amount.

20 At this point, we're waiting for the
21 court to issue what they call a "payment
22 hearing", which would review the customer's
23 financials, and attempt to reach a payment
24 agreement between the Company and the customer.

[WITNESS PANEL: St. Cyr|Descoteau]

1 Q And Bedford Waste is still providing service to
2 this customer as of today?

3 A (St. Cyr) It is. We have no ability to not
4 provide customers service.

5 Q Okay. And do you have any sense of how long that
6 arrearage has been accumulating?

7 A (St. Cyr) So, it has been years. At this point,
8 the quarterly finance charge is even greater --
9 I'm sorry, the monthly finance charge on the
10 balance is even greater than the quarterly
11 charge. You know, at 1 percent a year -- I'm
12 sorry, 12 percent a year, 1 percent a month,
13 that's roughly \$160 a quarter that we're -- or,
14 \$160 a month that we're adding to the bill, and
15 the quarterly bills are now 155.77. So, you
16 know, we're adding, you know, 12 to \$1,500 a year
17 of finance charges on the unpaid balance.

18 Q Okay. Thank you. And can you -- can you
19 identify the difference between the temp. rates
20 that are sought here and permanent rates?

21 A (St. Cyr) So, the Company has proposed 19,000,
22 what is it, 477 (19,477), I believe is the amount
23 that we're proposing for permanent rates. And,
24 for permanent rates, the Company is proposing an

[WITNESS PANEL: St. Cyr|Descoteau]

1 increase of \$19,488. The agreed-upon temporary
2 amount is the \$8,175, and that represents a 42
3 percent of what's being proposed for permanent
4 rates.

5 Q Okay. Thank you. And how did you get to that,
6 those -- that respective difference, for temp.
7 versus perm.?

8 A (St. Cyr) So, the Company has made a number of
9 other proforma adjustments for permanent rates
10 that aren't taken into consideration for
11 temporary rates.

12 Q Okay. Okay. And then, I'd like to look at
13 Schedule 2, please.

14 So, it's my understanding that the
15 accumulated depreciation is roughly 80 percent of
16 the utility plant amount. Am I understanding
17 that correctly?

18 A (St. Cyr) Yes.

19 Q And can you just help us understand this
20 schedule, and how the accumulated depreciation
21 was calculated? You know, how you -- what
22 allocation methodology you used? What the time
23 horizon was?

24 A (St. Cyr) So, yes.

[WITNESS PANEL: St. Cyr|Descoteau]

1 Q Thank you.

2 A (St. Cyr) So, the utility plant consists of five
3 leach fields, mains and services, a septic tank
4 for each customer and a pump for each customer.
5 And we, essentially, pump the sewage, you know,
6 from their tanks to one of the five leach fields.

7 The leach fields are now fully
8 depreciated. These are fields that were put in
9 place in the mid '90s. So, they're now fully
10 depreciated. The mains have a 50-year life;
11 we're 30 years into that life. The septic tanks
12 originally had a 25-year life. And, so, those
13 two are now all fully depreciated. And then, the
14 pumps, which is what we replace on an annual
15 basis, they have a 7-year life. You know, over
16 time, that's changed a little bit. I think,
17 initially, they were 10, we found that that was
18 too long. I think at one point we went to 5.
19 And I think, over time, we've found that 7 is
20 probably the right number.

21 So, any pump that was installed seven
22 years before 2021 would be fully depreciated.
23 The pumps in that 7-year period, they're being
24 depreciated over seven years.

[WITNESS PANEL: St. Cyr|Descoteau]

1 So, the bulk of the remaining
2 undepreciated value would be in the pump. The
3 most recent pumps would have the most
4 undepreciated value. But it would be mostly in
5 the pumps, and then the remaining 20 years on the
6 mains.

7 Q And is it just straight line depreciation?

8 A (St. Cyr) Straight line depreciation, using the
9 PUC recommended depreciation lives.

10 Q Okay. And then, just -- so, every year you have
11 a few pumps that you're replacing, I think you
12 mentioned last year you did two. So, you just
13 have an asset management program, every year
14 you're doing a couple, and then, every seven or
15 so years you've done the whole pool of pumps?

16 A (St. Cyr) So, in 2021, we replaced seven pumps.

17 Q Okay.

18 A (St. Cyr) And that, annually, it seems to vary
19 between four or five on the short side, and ten
20 on the long side, ten or twelve on the long side.

21 Q Okay. And that's for 70 customers. So, seven to
22 ten years?

23 A (St. Cyr) Yes. So, over the course of a seven-
24 to ten-year period, it's likely that every pump

[WITNESS PANEL: St. Cyr|Descoteau]

1 will be replaced. Although, I do believe we
2 still have a few original pumps. And, you know,
3 there are some that are pumped -- some that are
4 replaced more frequently. It's a function of
5 use. You know, a family of four, you're going to
6 replace, four or six, you're going to replace
7 more than an older couple that goes to Florida
8 for the winter.

9 Q Sure.

10 A (St. Cyr) So, it's a function of how much use the
11 pumps get and how frequently we replace them.

12 Q And any capital investments on the horizon with
13 respect to the leach fields? Or, are those --
14 you said they're "depreciated". But is there any
15 work that the Company expects that would have to
16 be done?

17 A (St. Cyr) So, in 2021, the Company actually had
18 the fields tested. And that it was determined
19 that the Company -- that the condition of the
20 fields were "fair", was the term that the tester
21 indicated.

22 Q Uh-huh.

23 A (St. Cyr) And "fair" represents, you know, sort
24 of normal, expected condition, given that they

[WITNESS PANEL: St. Cyr|Descoteau]

1 are 25 years old. And there's no specific plan
2 in place. Although, the expectation, and we've
3 already replaced one of them, the expectation
4 would be, over the course of some period of time,
5 I suppose it could be three or four or five on
6 the short side, and maybe fifteen on the long
7 side, the remaining four would have to be
8 replaced. You know, we have sort of looked at
9 that, and looked at some of the costs. And we
10 would replace it when it is required to be
11 replaced.

12 Q Okay. And then, I'd like to jump over to
13 Exhibit 1, please, Bates Page 015.

14 A (St. Cyr) Okay.

15 Q Line 18, "Depreciation". Can you just walk us
16 through that pro forma adjustment of "1,882", how
17 it was calculated, for the half-year depreciation
18 amount?

19 A (St. Cyr) So, for the seven pumps, this would
20 represent the half-year that was taken in 2021.
21 So, for purposes of temporary rate, we increase
22 that by the same amount, which represents a full
23 year depreciation over the seven-year period.
24 So, the annual depreciation would be twice that,

[WITNESS PANEL: St. Cyr|Descoteau]

1 roughly, 36,000, --

2 Q Uh-huh.

3 A (St. Cyr) -- on those seven pumps that were
4 replaced in 2021.

5 Q You mean "3,600"?

6 A (St. Cyr) "3,600", yes.

7 Q Okay. Okay. And then, my last question for you
8 is just the bill impact, if you could walk us
9 through the bill impact to customers? I think
10 it's in the Settlement, Section IV.A, Roman IV,
11 and that's Bates 004.

12 A (St. Cyr) So, the present authorized rate is
13 155.77 per quarter, or an annual amount of
14 \$623.08. The proposed temporary increase is
15 \$100, \$100.86, or 25.22 per quarter. And that
16 results in an annual proposed rate of \$723.94. I
17 don't actually have the quarterly amount here.
18 But it's one-fourth of the 723.94.

19 Q And next to it, it says "180.99".

20 A (St. Cyr) Yes. Actually, I'm sorry, \$180.99 per
21 quarter. So, the quarterly rate would go from
22 155.77 to 180.99.

23 CMSR. SIMPSON: Okay. I don't have any
24 further questions. Thank you, both, for being

[WITNESS PANEL: St. Cyr|Descoteau]

1 here today.

2 WITNESS ST. CYR: You're welcome.

3 CMSR. CHATTOPADHYAY: Let me begin
4 with, I was making sure, you know, as we have
5 done in other cases here, I would like to request
6 the Company to provide the live Excel files for
7 the schedules. And, so, let that be a record
8 request. And we will provide it in writing.

9 So, essentially, I'm simply asking for
10 the Excel files that support the --

11 WITNESS ST. CYR: Sure. We can get
12 that to you today.

13 CMSR. CHATTOPADHYAY: Okay.

14 MS. BROWN: Can I ask a clarification?
15 Is it the Excel files for all of the exhibits?
16 Or for, in particular, the temporary rate filing
17 and the Settlement, or just the Settlement?

18 CMSR. CHATTOPADHYAY: Just the
19 Settlement.

20 MS. BROWN: Just the Settlement. Thank
21 you.

22 BY CMSR. CHATTOPADHYAY:

23 Q So, you have 78 customers, the Company has 78
24 customers?

[WITNESS PANEL: St. Cyr|Descoteau]

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

2 Q Are they part of just one association?

3 A (St. Cyr) One development.

4 Q One development.

5 A (St. Cyr) It's referred to as "Bedford Three
6 Corners".

7 Q Okay. Does the Company have any plans to expand?

8 A (St. Cyr) No.

9 Q Commissioner Simpson was asking you about "bad
10 debt". And I'm just, purely out of curiosity,
11 I'm trying to make sense of it. You mentioned
12 that you "don't have any ability to not serve."

13 If a customer is not paying, you know,
14 the Company for the services that it's providing,
15 and it's -- that's why you have an accumulated
16 debt like that, I'm just -- I'm trying to
17 understand, why did you say that?

18 I mean, aren't there things that you
19 can do to say "okay, you're no longer part of
20 the" -- "we won't provide you the service"?

21 And, if I understand it correctly, so,
22 that customer has a separate pump. And just give
23 me a sense of why did you say that?

24 A (St. Cyr) So, I think, by law, a sewer company is

[WITNESS PANEL: St. Cyr|Descoteau]

1 not allowed to shut off sewer service. And there
2 is no shut-off valve, like you might have for a
3 water company. You know, each resident has their
4 own pump, and they pump water. So, it comes into
5 the house, and then goes out the other side.

6 I suppose we could go in and take the
7 pump out. I don't -- I think, by law, we're not
8 allowed to do that.

9 CMSR. CHATTOPADHYAY: Sometimes it's
10 better not to be a lawyer.

11 MS. BROWN: Commissioner Chattopadhyay,
12 if I can make an offer of proof.

13 The Public Utilities Commission Rule
14 703.03 prohibits disconnection of sewer service
15 for nonpayment. And that is also referenced in
16 Puc 1203. So, that's the citation why the
17 Company's hands are kind of tied, as to
18 disconnecting and stopping -- mitigating the
19 increased arrearage.

20 CMSR. CHATTOPADHYAY: And that is
21 perpetual, that's --

22 *[Court reporter interruption.]*

23 CMSR. CHATTOPADHYAY: -- it's for good,
24 they can't even do anything about it? I'm just

[WITNESS PANEL: St. Cyr|Descoteau]

1 asking as --

2 MS. BROWN: I suppose the Company could
3 ask for a waiver of the administrative rule.

4 CMSR. CHATTOPADHYAY: Probably didn't
5 want to go there, but anyway.

6 BY CMSR. CHATTOPADHYAY:

7 Q So, do you usually have bad debt for other
8 customers, like, and you have already settled
9 that? So, there's just one out of 78 that's the
10 issue here?

11 A (St. Cyr) We do not have any other bad debt
12 problem. There was one customer recently that
13 fell behind about a year that just recently paid,
14 that was, I think, an \$800 amount. From time to
15 time, a customer might fall behind a quarter.
16 But, for the most part, these are good-paying
17 customers. And it's likely that somebody has run
18 into financial problems, if they're not paying
19 their sewer bill.

20 Q Okay. Can you give me a sense of what -- what is
21 the rate case expense as of now?

22 A (St. Cyr) I did have that number as of the end of
23 December. I don't have a more recent number. I
24 guess, --

[WITNESS PANEL: St. Cyr|Descoteau]

1 Q And, you know, --

2 A (St. Cyr) -- subject to check --

3 Q Either of you can respond to the question. If
4 the DOE witness knows, if there is something out
5 there that provides that number, that would be
6 good.

7 A *(Witness Descoteau indicating in the negative).*

8 A (St. Cyr) We can certainly provide it subsequent
9 to the hearing, if that's requested.

10 Q When you filed the permanent rate case, you know,
11 initially, when you did it, what was it estimated
12 to be? And what is it turning out to be right
13 now?

14 A (St. Cyr) So, we originally estimated 20,000. We
15 have since added Ms. Brown and the Brown law
16 firm, and increased that to 30,000.

17 Q And where is that increase coming from, and tell
18 me in terms of the entities that you have to pay?
19 I'm assuming you are one of them?

20 A (St. Cyr) I am one, and Ms. Brown is the second
21 one. And, to a lesser extent, we are relying on
22 LaMontagne Builders as well, LaMontagne
23 Management Company, and Mr. Patnaude, and
24 probably some postage and copying/miscellaneous

[WITNESS PANEL: St. Cyr|Descoteau]

1 expenses.

2 Q Okay. Do you know what LaMontagne Services
3 Corporation is? Like, what kind of services does
4 it provide to the utility?

5 A (St. Cyr) So, Mr. LaMontagne is the owner of
6 Bedford Waste. And, while they rely on St. Cyr &
7 Associates to largely operate and manage the
8 Company, we do consult with them. They
9 ultimately have the final decisions on major
10 things, like the financing, like the rate case.
11 So, we do solicit and expect buy-in from them,
12 and that's what their management company does for
13 us.

14 Q Would you happen to know how many employees are
15 there in that company?

16 A (St. Cyr) I do not. No.

17 CMSR. CHATTOPADHYAY: Can Attorney
18 Brown help me with that, if it's known?

19 MS. BROWN: For which? Can you restate
20 which entity?

21 CMSR. CHATTOPADHYAY: LaMontagne
22 Services Corporation.

23 MS. BROWN: There are approximately 35
24 customers in that entity.

[WITNESS PANEL: St. Cyr|Descoteau]

1 MR. LaMONTAGNE: Employees.

2 MS. BROWN: I'm sorry, "customers".

3 "Employees", my apologies.

4 CMSR. CHATTOPADHYAY: Okay.

5 WITNESS ST. CYR: And we -- Bedford
6 largely relies on just one.

7 CMSR. CHATTOPADHYAY: Sorry, say that
8 again?

9 WITNESS ST. CYR: Bedford Waste relies
10 primarily on one, one employee.

11 CMSR. CHATTOPADHYAY: On one employee.
12 Okay.

13 WITNESS ST. CYR: It's not like the
14 whole management company is providing services.
15 We rely on one individual in particular.

16 BY CMSR. CHATTOPADHYAY:

17 Q Mr. LaMontagne is also, you know, it is my
18 understanding, the sole shareholder of the
19 utility company as well?

20 A (St. Cyr) That is correct.

21 Q Do you have a sense what the -- you know, you
22 talked about going up from \$20,000 to \$30,000.
23 Was there a similar change for the services
24 obtained from LaMontagne Services Corporation?

[WITNESS PANEL: St. Cyr|Descoteau]

1 Like, what kind of increase?

2 A (St. Cyr) No. There was no -- that was part of
3 the original 20,000 estimate. The increase was
4 for added legal expenses.

5 Q Okay. You mentioned that you had a -- I'm
6 assuming it was like a session where you met the
7 customers to let them know what's going on. Can
8 you give me a sense of what was their reaction
9 from that?

10 A (St. Cyr) So, I work pretty closely with a couple
11 of the customers. There's one or two in
12 particular that pay close attention to what we do
13 and what we don't do. And they're specifically
14 interested in the pumping schedule. You know, we
15 pump one-quarter of the tanks roughly every six
16 months. You know, we tell customers that their
17 tanks are pumped, on average, two to three --
18 every two to three years.

19 So, one of those two individuals
20 specifically asked if I would -- if I could make
21 myself available to meet with them, and we did
22 that via Zoom. And I remember it was once before
23 Thanksgiving and once after Thanksgiving, so that
24 someone who couldn't make one, could potentially

[WITNESS PANEL: St. Cyr|Descoteau]

1 make the other. They were roughly one-hour
2 calls. I probably spent the first 20 to 30
3 minutes telling them about Bedford, its physical
4 plant, its operation, just to provide that
5 background, particularly for newer customers.
6 You know, some of the customers that have been
7 around for a while would have known much of that
8 information.

9 But the purpose of the call was to call
10 to their attention the proposed financing and the
11 proposed rate case, and what impact that that
12 would have on their rates and their bills.

13 Q So, there were just a few, a few customers,
14 right?

15 A (St. Cyr) It was more than a few. I would say
16 each call had somewhere between ten to fifteen, I
17 never did really know who.

18 Q Yes.

19 A (St. Cyr) But they sort of introduced themselves
20 at the beginning of the call, and then a number
21 of them asked questions at the end of the
22 information I had provided.

23 Q So, this may be more for Attorney Brown, because
24 I'm not sure whether you track. Is there an

[WITNESS PANEL: St. Cyr|Descoteau]

1 ability for customers to call the Company and say
2 "Oh, we got this, and we don't like it", or, you
3 know, "what are you doing?" So, is there
4 anything else that might have happened outside,
5 just Mr. St. Cyr's experience?

6 A (St. Cyr) So, any customer that had a question,
7 whether it's for billing or when their tank was
8 last pumped, or sometimes we get calls from real
9 estate agents at the time a property is being
10 sold, all those questions are directed to me.

11 Q They are? Okay.

12 A (St. Cyr) Yes.

13 CMSR. CHATTOPADHYAY: Okay. So, that's
14 all I have. Thank you. Let me recollect my
15 thoughts here.

16 MS. BROWN: Otherwise, I can start with
17 redirect?

18 CMSR. CHATTOPADHYAY: Yes. I was going
19 to go there. So, --

20 MS. BROWN: That will give you time
21 to --

22 CMSR. CHATTOPADHYAY: Yes. Let's do
23 that.

24 MS. BROWN: All right. So, Mr. St.

[WITNESS PANEL: St. Cyr|Descoteau]

1 Cyr, I had a couple questions. Oh, wait a
2 minute. I think we already covered the "we can't
3 disconnect", because I read the administrative
4 rules into the record.

5 **REDIRECT EXAMINATION**

6 BY MS. BROWN:

7 Q You were asked a question about "are there any
8 customers that would be added to the
9 development?" Are you aware of whether the
10 development is fully built out?

11 A (St. Cyr) My understanding is it is fully built
12 out.

13 Q Okay. And did you testify that there is a
14 homeowners association for this subdivision?

15 A (St. Cyr) I did not specifically say that. But
16 there is a homeowners association, Bedford Three
17 Corners Homeowners Association.

18 Q Okay. And, if a homeowners association were to
19 take this over, the system over, would it be
20 cheaper for them, because they would avoid, like,
21 regulatory expense?

22 A (St. Cyr) Absolutely.

23 Q Okay. Is there any appetite or do you know if
24 there's any appetite from the Homeowners

[WITNESS PANEL: St. Cyr|Descoteau]

1 Association to take over the system?

2 A (St. Cyr) I would say, generally, they think
3 about it. But, when push comes to shove, they
4 decide that it's too much for them, and too much
5 responsibility. And they don't want to put
6 themselves in a position of owning and operating
7 the system.

8 We've had that call probably within the
9 last couple years. It was prior to the decision
10 to finance and prior to the decision to run the
11 rate case. But that was probably the third
12 attempt. You know, this comes up every once in
13 awhile. We've made three or four different
14 proposals to them over the last, probably, ten
15 years. And they have looked at it, they have
16 been serious about it. But, in the end, they
17 have decided not to pursue that.

18 Q Okay. And I thank you for elaborating on that.

19 And with the questioning about the rate
20 case expenses, did you participate in the filing
21 of the Rate Case Expense Report, I think it was
22 earlier in February?

23 A (St. Cyr) For the period ended December 31, 2022,
24 that is correct.

[WITNESS PANEL: St. Cyr|Descoteau]

1 Q Okay. And, so, that report is the latest tally
2 of the rate case expenses to date?

3 A (St. Cyr) That would be correct.

4 MS. BROWN: Okay. Thank you. I had no
5 further questions. Thank you.

6 CMSR. CHATTOPADHYAY: Does DOE have
7 any?

8 MR. YOUNG: No questions from the
9 Department.

10 CMSR. CHATTOPADHYAY: Sorry. Okay.
11 I'm following my script here. So,
12 let's go to the closing statements, and then take
13 care of the rest of the items. Let's start with
14 the Company.

15 MS. BROWN: Thank you very much,
16 Commissioner Chattopadhyay, Commissioner Simpson,
17 for your time today.

18 As the testimony today, and the
19 exhibits, and included testimony in those
20 exhibits have demonstrated, it is not in dispute
21 that the Company is not earning enough revenue --
22 sufficient revenues to cover its expenses, and
23 that some level of temporary rates is warranted.
24 And you have the testimony and exhibits

1 supporting that roughly a 50 percent bump in the
2 rate would be appropriate, and is just and
3 reasonable, and is supported by the books and
4 records on file with the Commission.

5 The reasons that Mr. St. Cyr had
6 articulated are that it mitigates rate shock. To
7 the extent the bill in April can include the
8 temporary bump, it will also help reduce the
9 temporary/permanent rate recoupment. That is an
10 important part of any rate case, because it
11 assures -- RSA 378:29 assures that there's no
12 over- or under-collection in the temporary rate
13 phase.

14 Again, we apologize that it is
15 March 23rd, and that we're asking for an order in
16 early April. To the extent that the Commission
17 can turn out an order sometime in the first half
18 of April, we would greatly appreciate it.

19 And other than that, thank you again
20 for your time and attention today.

21 CMSR. CHATTOPADHYAY: Thank you. Let's
22 go to the DOE for the closing statement.

23 MR. YOUNG: Thank you, Commissioners.

24 While the rates included in the

1 Settlement Agreement represent an increase from
2 current rates, and the Department supports
3 setting these temporary rates at the rates
4 proposed in the Settlement Agreement. The
5 Department believes that the Company's Petition
6 for Temporary Rates meets the applicable
7 requirements of RSA 378:27. And that appropriate
8 customer rates will result when permanent rates
9 are ultimately approved, and temporary rates are
10 reconciled at the conclusion of this docket.

11 The Department further believes that
12 the Company did indeed provide adequate notice to
13 its customers of the proposed temporary rate
14 impact.

15 And, lastly, based on its preliminary
16 review of the Petition, filings, and records, the
17 Department recommends that the Commission find
18 the temporary rate proposal contained in the
19 Settlement Agreement to be just and reasonable
20 and in the public interest.

21 Thank you.

22 CMSR. CHATTOPADHYAY: Thank you.

23 So, let's go back to the issue of the
24 additional record request that I made. Given

1 that it's just the Excel files of the schedules,
2 do you think you can take care of it by tomorrow
3 or Monday?

4 WITNESS ST. CYR: I can provide that to
5 you when I get home later on today.

6 CMSR. CHATTOPADHYAY: Okay. So, let's
7 let the deadline be tomorrow. Okay?

8 MS. BROWN: Sure. Sure. We don't need
9 to wait for a physical record request from the
10 Commission. Thank you for that.

11 CMSR. CHATTOPADHYAY: Okay. So, then,
12 I won't ask that to be -- well, I think, once you
13 send it, that would still be part of the record.
14 So, I'll -- just let me confer.

15 CMSR. SIMPSON: I just don't think we
16 need to do a written one. I think, at this
17 point, we can trust that --

18 *[Cmsr. Chattopadhyay and Cmsr. Simpson*
19 *conferring.]*

20 CMSR. SIMPSON: Yes, it will be an
21 exhibit.

22 MS. BROWN: "Exhibit 4"?

23 CMSR. SIMPSON: "Exhibit 4".

24 CMSR. CHATTOPADHYAY: So, I'm just

1 confirming that, yes.

2 **(Exhibit 4 reserved for record**
3 **request.)**

4 CMSR. CHATTOPADHYAY: So, before I go
5 there, is there anything else?

6 *[No verbal response.]*

7 CMSR. CHATTOPADHYAY: No? Okay. Do
8 you have anything?

9 CMSR. SIMPSON: I don't. Thank you.

10 CMSR. CHATTOPADHYAY: Okay. So,
11 without objection, we will strike ID on
12 Exhibits 1, 2, 3. And we'll hold the record open
13 for Exhibit Number 4.

14 We will take the matter under
15 advisement and issue an order as soon as
16 possible. Thank you, everyone.

17 WITNESS ST. CYR: Thank you.

18 MS. BROWN: Thank you.

19 CMSR. CHATTOPADHYAY: And take care.

20 **(Whereupon the hearing was adjourned**
21 **at 10:11 a.m.)**

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