

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

December 21, 2015 - 10:03 a.m.
Concord, New Hampshire

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RE: DW 15-199
ABENAKI WATER COMPANY:
Request for Change in Rates.
(Hearing regarding Temporary Rates)

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Robert R. Scott
Commissioner Kathryn M. Bailey

Sandy Deno, Clerk

APPEARANCES: Reptg. Abenaki Water Company:
Justin C. Richardson, Esq. (Upton & Hatfield)
Don Vaughan, Chairman - Board of Directors
Alex Crawshaw, President
Deborah Carson, Treasurer

Reptg. Village Shore Estates Association:
David L. Laflamme, President

Reptg. Residential Ratepayers:
Susan Chamberlin, Esq., Consumer Advocate
Nicholas Cicale, Esq.
Office of Consumer Advocate

Reptg. PUC Staff:
Rorie E. Patterson, Esq.
Mark A. Naylor, Director - Gas & Water Div.
Robyn Descoteau, Gas & Water Division

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

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ROBYN J. DESCOTEAU

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P R O C E E D I N G

1
2 CHAIRMAN HONIGBERG: Good morning,
3 everyone. We're here this morning in Docket DW 15-199,
4 which is a rate case for Abenaki Water Company. We are
5 here this morning to consider the Company's request for
6 temporary rates. There is a Settlement Agreement that has
7 been signed by the Company, the Staff, and the OCA.
8 Although, I don't believe any of the intervenors signed
9 onto the Settlement.

10 So, we'll talk about how to proceed in a
11 moment. But, before we do anything else, let's take
12 appearances.

13 MR. RICHARDSON: Good morning, Mr.
14 Chairman. Justin Richardson, with Upton & Hatfield, for
15 Abenaki Water Company. Here with me at counsel's table I
16 have Chairman of the Board, Don Vaughan, as well as
17 President Alex Crawshaw.

18 MS. CHAMBERLIN: Good morning. Susan
19 Chamberlin, Consumer Advocate. And, I'd like to introduce
20 the new staff attorney, Nick Cicale.

21 CHAIRMAN HONIGBERG: Good morning.

22 MR. CICALÉ: Good morning.

23 MR. LAFLAMME: Good morning. I'm David
24 Laflamme, representing Village Shore Estates Association,

1 in Bow.

2 MS. PATTERSON: Good morning,
3 Commissioners. Rorie Patterson, on behalf of Commission
4 Staff. And, with me at counsel's table is Mark Naylor,
5 who is the Director of the Gas & Water Division, and, at
6 the witness table, Robyn Descoteau, who is a Utility
7 Analyst in the Gas & Water Division. Thank you.

8 CHAIRMAN HONIGBERG: There are a number
9 of intervenors in this proceeding, who appear not to be
10 here. There were nine customers from the Orchards, the
11 Laconia Housing Authority, and Briarcrest Estates. Are we
12 expecting them this morning?

13 MS. PATTERSON: If I might just speak to
14 that? It's my understanding that the Laconia Housing
15 Authority does not object to the Settlement Agreement.
16 They communicated that to me via e-mail. I don't know if
17 they copied the service list, but that's my recollection.

18 MR. RICHARDSON: I believe that's the
19 case. The procedural schedule also provided for a date
20 certain to provide comments on the proposed Settlement
21 Agreement. And, that date came and went without any
22 objections.

23 CHAIRMAN HONIGBERG: And, none of them
24 are here, right?

1 MS. PATTERSON: That is correct.

2 CHAIRMAN HONIGBERG: Okay. How are we
3 going to be proceeding then? Mr. Richardson,
4 Ms. Patterson, what are we going to be doing here?

5 MR. RICHARDSON: I think we've agreed
6 that all -- we have a witness panel for just ease of
7 presentation. I intend to ask questions of the Company's
8 Treasurer, Deborah Carson, who I neglected to introduce,
9 but she's there on the witness stand. And, --

10 CHAIRMAN HONIGBERG: You kept us in
11 suspense. We were wondering who she was.

12 MR. RICHARDSON: And, then, that will be
13 followed, I believe, by cross-examination by Staff or
14 whatever the normal order of presentation is.

15 CHAIRMAN HONIGBERG: Okay.
16 Ms. Patterson.

17 MS. PATTERSON: If I might just comment
18 that the Parties have agreed and premarked for
19 identification five exhibits. The first is the Petition
20 for Permanent Rates, Exhibit 1; Exhibit 2 is the Company's
21 filing for Temporary Rates; Exhibit 3 is the Settlement
22 Agreement; Exhibit 4 is a proposed tariff page -- pages;
23 and Exhibit 5 is the Testimony of Ms. Descoteau.

24 CHAIRMAN HONIGBERG: We're trying to

1 keep up.

2 MS. PATTERSON: I'm happy to repeat any,
3 if you need it.

4 CHAIRMAN HONIGBERG: I think we can make
5 a go of it.

6 (The documents, as described, were
7 herewith marked as **Exhibit 1** through
8 **Exhibit 5**, respectively, for
9 identification.)

10 CHAIRMAN HONIGBERG: Then, are we ready
11 to have the witnesses sworn in?

12 MS. PATTERSON: Yes, please.

13 CHAIRMAN HONIGBERG: Seem that we are.
14 (Whereupon **Deborah O. Carson** and
15 **Robyn J. Descoteau** were duly sworn by
16 the Court Reporter.)

17 CHAIRMAN HONIGBERG: Mr. Richardson, you
18 may proceed.

19 MR. RICHARDSON: Thank you.

20 **DEBORAH O. CARSON, SWORN**

21 **ROBYN J. DESCOTEAU, SWORN**

22 **DIRECT EXAMINATION**

23 BY MR. RICHARDSON:

24 Q. Good morning. Ms. Carson, could you please state your

[WITNESS PANEL: Carson~Descoteau]

1 name and your position with Abenaki Water Company for
2 the record.

3 A. (Carson) My name is Deborah Carson. I am Treasurer and
4 Financial Office Manager for Abenaki Water Company, as
5 well as for its parent company, New England Service
6 Company.

7 Q. And, could you provide a background of what your
8 background and experience is related to this case
9 please.

10 A. (Carson) I have a Bachelor's and Master's degree in
11 Accounting from University of Connecticut. I have been
12 with New England Service Company for almost five years,
13 and participated in the acquisition and transition of
14 Abenaki Water Company, and assisted in preparation of
15 the filing for the permanent rate increase, as well as
16 the temporary rate increase.

17 Q. Do you have the documents that have been marked
18 Exhibits 1 through 4 in front of you? I have a copy
19 here, if you'd like?

20 A. (Carson) Yes. I believe so.

21 Q. What is the document marked "Exhibit 1"?

22 A. (Carson) That is Abenaki's request for a permanent rate
23 increase.

24 Q. And, what is Exhibit 2?

{DW 15-199} [Hearing on temporary rates] {12-21-15}

[WITNESS PANEL: Carson~Descoteau]

1 A. (Carson) Abenaki Water Company's request for a
2 temporary rate increase.

3 Q. Okay. And, to the best of your knowledge, are those
4 documents true and accurate?

5 A. (Carson) Yes.

6 Q. Okay. Thank you. And, what is Exhibit 3?

7 A. (Carson) Exhibit 3 is the Settlement Agreement proposed
8 for approval by the Commission.

9 Q. Okay. And, could you explain the basic terms of the
10 Settlement Agreement please for the Commissioners.

11 A. (Carson) Yes. The Company has three classes of
12 customers. There's Belmont water, Bow water, and
13 Belmont sewer. For Belmont water, the Company would
14 like to continue to charge the current rates as the
15 temporary rates. For Bow water, the Company would like
16 to charge rates sufficient to yield a temporary
17 increase in annual revenues of \$10,740, or
18 16.22 percent. For Belmont sewer, the Company would
19 like to charge rates sufficient to yield a temporary
20 increase in annual revenues of \$15,158, or
21 19.36 percent.

22 Q. So, what is the total increase that's being requested
23 by the Company for temporary rates?

24 A. (Carson) \$25,898.

{DW 15-199} [Hearing on temporary rates] {12-21-15}

[WITNESS PANEL: Carson~Descoteau]

1 Q. And, for comparison purposes, what is the permanent
2 increase requested by the Company?

3 A. (Carson) The permanent increase in annual water
4 revenue, for Belmont and Bow combined, was a total of
5 \$45,393, or 23.41 percent. The permanent increase in
6 annual sewer revenue in Belmont was for a total of
7 \$39,246, or 50.11 percent. For a total revenue
8 increase of \$84,639.

9 Q. And, what was the -- also for comparison purposes, what
10 were the temporary rates that were requested by the
11 Company prior to the Settlement Agreement?

12 A. (Carson) The Company requested a temporary increase of
13 18.09 percent for Bow water, which is an increase in
14 revenues of \$11,974. The Company requested an increase
15 in revenues of \$17,237 for Belmont sewer, or 22.01
16 percent. And, the Company requested to apply the
17 existing rates as temporary rates for Belmont water.
18 So, the total revenue increase for temporary rates that
19 the Company requested was \$29,211.

20 Q. And, so, the Settlement Agreement, is that, subject to
21 check, is approximately \$3,313 less than what the
22 Company requested for temporary rates?

23 A. (Carson) That's correct.

24 Q. Okay. And, under this -- what is the effective date of

{DW 15-199} [Hearing on temporary rates] {12-21-15}

[WITNESS PANEL: Carson~Descoteau]

1 temporary rates under the Settlement Agreement?

2 A. (Carson) September 8, 2015.

3 Q. And, how does the Company intend to implement this?

4 A. (Carson) The Company would like to file a tariff
5 following approval by the Commission.

6 Q. Uh-huh. And, what -- do you have Exhibit 4 in front of
7 you?

8 MR. RICHARDSON: And, I believe the
9 Commissioners should have a copy of this document. It's
10 not been filed yet.

11 **BY THE WITNESS:**

12 A. (Carson) Yes. Exhibit 4 is the Company's proposed
13 tariff to implement the Settlement Agreement.

14 BY MR. RICHARDSON:

15 Q. Okay. So, just assume for the sake of this question
16 that the Commission approves the Settlement Agreement
17 in January. How would it -- how would the Settlement
18 Agreement be implemented?

19 A. (Carson) Abenaki currently bills on a monthly basis.
20 So, the billing that would be done during the first
21 week of February, that would be for the dates January 1
22 through approximately February 1. It would be -- that
23 would reflect the new rates starting then.

24 Q. And, how would -- or, when would Abenaki recover the

{DW 15-199} [Hearing on temporary rates] {12-21-15}

1 temporary rate for the period from September 8th
2 through December 31st?

3 A. (Carson) The Company understands that, once permanent
4 rates are approved, it will be permitted to recover the
5 difference between the actual revenue collected under
6 temporary rates and the approved permanent revenue
7 requirement from the period from September 8th to the
8 date the new permanent rate is implemented through a
9 surcharge.

10 Q. Thank you. RSA 378:28 provides that "temporary rates
11 shall be sufficient to yield not less than a reasonable
12 return on the cost of property of the utility used and
13 useful in public service, less accrued depreciation."
14 Are the Company's current rates adequate to provide a
15 reasonable return?

16 A. (Carson) No.

17 Q. And, why is that?

18 A. (Carson) During the test year of 2014, the Company
19 earned an actual rate of return of approximately
20 5.65 percent. This rate of return is well below what
21 was allowed in the last rate decision. And, the
22 Company needs to increase the rates in order to pay for
23 plant already providing service to the customers, to
24 continue to make necessary capital improvements, and to

[WITNESS PANEL: Carson~Descoteau]

1 attract new debt and capital.

2 Q. Thank you. Is there anything else you'd like to add or
3 correct to your testimony at this point?

4 A. (Carson) Not at this time.

5 MR. RICHARDSON: Thank you.

6 CHAIRMAN HONIGBERG: Ms. Patterson.

7 MS. PATTERSON: Thank you.

8 BY MS. PATTERSON:

9 Q. Good morning, Ms. Descoteau. Would you please state
10 your name.

11 A. (Descoteau) Robyn J. Descoteau.

12 Q. And, by whom are you employed and what is the business
13 address?

14 A. (Descoteau) I'm employed by the New Hampshire Public
15 Utilities Commission. And, it's 21 South Fruit Street,
16 Suite 10, Concord, New Hampshire.

17 Q. What is your position at the New Hampshire Public
18 Utilities Commission?

19 A. (Descoteau) I'm a Utility Analyst in the Gas & Water
20 Division.

21 Q. And, in that position, what are your responsibilities?

22 A. (Descoteau) I exam, evaluate and analyze rates in
23 financing filings, make recommendations to the
24 Commission based on the applicable legal and financial

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[WITNESS PANEL: Carson~Descoteau]

1 accounting standards. I represent Staff in the
2 meetings with the Company, the Company officials, the
3 outstanding -- the outside attorneys and accountants
4 relative to the financing filings, as well as the
5 Commission rulings, policies, and procedures.

6 Q. Thank you. And, would you agree that your area of
7 expertise is accounting and finance?

8 A. (Descoteau) Yes, it is.

9 Q. Can you please describe your involvement in this
10 proceeding?

11 A. (Descoteau) In this proceeding, I reviewed the original
12 filing and the testimony, and I tested the mathematical
13 integrity of the filing. I also traced the filing back
14 to the annual report that was filed with the
15 Commission. I reviewed the audit report and
16 prepared -- that was prepared by the Audit Staff.
17 Following this, I asked a set of discovery questions,
18 and I reviewed those responses. I participated in the
19 settlement discussion, and prepared revenue requirement
20 schedules for the Settlement Agreement.

21 Q. And, is there any -- and, is there any correction that
22 you're aware of that's needed for your testimony or the
23 Settlement?

24 A. (Descoteau) No, I am not.

{DW 15-199} [Hearing on temporary rates] {12-21-15}

[WITNESS PANEL: Carson~Descoteau]

1 Q. Can you please describe for the Commission, for point
2 of comparison, what the difference is between the
3 agreed temporary rate level and the Staff's
4 recommendation and testimony?

5 A. (Descoteau) The major difference was a change to the
6 Bow water rate structure. The proposed rate structure
7 would have raised Bow's base rate and lowered the
8 consumption rate. The Company wanted to simplify the
9 calculations of the rate recoupment following the
10 decision on permanent rates. The permanent rate
11 proposal was to consolidate the two water systems.

12 During settlement discussions, it was
13 determined that we wouldn't discuss the change of the
14 rate design at this time, and that we would save that
15 for further discussion in the permanent rate portion of
16 this case.

17 Q. And, would you agree that the Settlement represents a
18 compromise between the Company's position and the
19 Staff's position?

20 A. (Descoteau) Yes.

21 Q. Does the Settlement Agreement include schedules that
22 show how the revenue requirements were calculated?

23 A. (Descoteau) Yes.

24 Q. And, could you just briefly tell the Commission what

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[WITNESS PANEL: Carson~Descoteau]

1 each -- are those -- I'm sorry, are those Attachments
2 A, B, and C to the Settlement Agreement?

3 A. (Descoteau) Yes, they are.

4 Q. For an average residential customer using 3,000 gallons
5 of water per month, what is the bill impact of the
6 temporary rate increase for the Bow and Belmont sewer
7 systems -- the Bow water system and the Belmont sewer
8 system?

9 A. (Descoteau) Bow water system customers will see a bill
10 increase of about \$7.32, and that's from \$50.90 to
11 about \$58.22. Belmont sewer customers will see a
12 monthly bill increase of \$5.69, from \$34.55 to \$40.24.

13 Q. You heard Ms. Carson state that the effective date of
14 the temporary rates is "September 8th, 2015". Do you
15 agree that that's the notice of -- that's the date of
16 the notice to the public of this proceeding?

17 A. (Descoteau) Yes.

18 Q. And, are you aware that the statutes allow the Company
19 to recover the difference between temporary rates and
20 permanent rates following the setting of permanent
21 rates?

22 A. (Descoteau) Yes.

23 Q. And, how will that occur please?

24 A. (Descoteau) Following the Commission's final order on

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1 this proceeding, the Company will file its calculations
2 for the permanent/temporary rate recoupment, and the
3 proposed surcharge for the Staff's review. And,
4 following the Staff's review of that, Staff will make a
5 recommendation to the Commission concerning the
6 Company's proposed recoupment amount and surcharge.
7 And, then, after that point, it will be implemented.

8 Q. And, Ms. Carson testified about the recovery of the
9 permanent rate revenue requirement from September 8th
10 to December 31st. What is your understanding of the
11 recovery of that for that period of time?

12 A. (Descoteau) That would be recouped at the end of the
13 rate case.

14 Q. And, do you agree that the document that's been marked
15 "Exhibit 4", which is the Company's proposed tariffs
16 for the rate increases to Bow water and Belmont sewer,
17 accurately reflect the terms of the Settlement
18 Agreement?

19 A. (Descoteau) Yes, it does.

20 Q. And, do you agree that the Settlement Agreement
21 produces temporary rates that are just and reasonable?

22 A. (Descoteau) Yes, they do.

23 Q. Do you have anything else to add?

24 A. (Descoteau) Not at this time.

[WITNESS PANEL: Carson~Descoteau]

1 MS. PATTERSON: Thank you. No further
2 questions.

3 CHAIRMAN HONIGBERG: Mr. Laflamme, do
4 you have any questions for either Ms. Carson or
5 Ms. Descoteau?

6 MR. LAFLAMME: I do not. Thank you.

7 CHAIRMAN HONIGBERG: Ms. Chamberlin?

8 MS. CHAMBERLIN: No questions.

9 CHAIRMAN HONIGBERG: Commissioner Scott.

10 COMMISSIONER SCOTT: Good morning.

11 WITNESS DESCOTEAU: Good morning.

12 BY COMMISSIONER SCOTT:

13 Q. For Ms. Carson, I was curious, can you tell me a little
14 bit about how, obviously, we've had a lot of requests
15 for interventions from customers, how are customers to
16 be informed of these rate changes?

17 A. (Carson) With our monthly bills, we have a space on the
18 bill to put a message. So, we can put a message on the
19 face of the bill to inform customers. We could do a
20 bill insert. We can use our company website. We can
21 also use a neighborhood website, that's
22 community-oriented, that a lot of people go on and I
23 put messages on there when there is water main work and
24 so forth. So, I would use everything possible to

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1 inform the customers.

2 Q. Not to quibble with your language, but you said you
3 "could". Is that what the Company plans to do or are
4 you telling me what you could do?

5 A. (Carson) We haven't discussed for certain what we will
6 do. I would say, for the temporary rate increase, we
7 would likely do a bill message, and put it on the
8 websites.

9 Q. Thank you. And, can you tell me the timing for that,
10 compared to when the rates take effect?

11 A. (Carson) Yes. Our next bills would go out the first
12 week of January. So, we could put a bill message -- we
13 will put a bill message in that billing, so that the
14 next one the customer will be prepared, I would repeat
15 the message in that first bill with the new rates as
16 well. And, as I mentioned, we will also put it on the
17 websites.

18 Q. And, the new rates would be effective when?

19 A. (Carson) January 1.

20 Q. Okay. So, have the customers had foreknowledge of the
21 change?

22 A. (Carson) I'm not sure how aware customers are of the
23 temporary phase. It's actually new for us as well, and
24 it's new for New England Service Company. We've done

[WITNESS PANEL: Carson~Descoteau]

1 rate cases in Connecticut and Massachusetts, and this
2 temporary phase is actually new for us as well. So,
3 I'm not sure if customers at this point are aware that
4 there is a temporary rate phase before the permanent
5 rate phase.

6 Q. At least from my perspective, generally, we like the
7 customers to be able to anticipate for budgeting and
8 other reasons.

9 A. (Carson) Uh-huh. Uh-huh.

10 MR. RICHARDSON: Mr. Chairman?

11 COMMISSIONER SCOTT: Go ahead.

12 MR. RICHARDSON: If I may? While we're
13 on this point, I believe, subject to check, the
14 Commission's Order of Notice directed the customer -- the
15 Company to provide the actual Order of Notice in a mailing
16 to all of its customers, which they did, or at least I'm
17 sure Ms. Carson could speak to that as well.

18 WITNESS CARSON: Yes. We did the Order
19 of Notice with that September 8th -- for September 8th,
20 and it described the Company's plans for the permanent
21 rate filing and temporary rate filing.

22 COMMISSIONER SCOTT: Thank you. That's
23 more in line with what I wanted to hear.

24 WITNESS CARSON: Okay. Uh-huh.

1 BY COMMISSIONER SCOTT:

2 Q. So, my next question, for Ms. Descoteau, is you've
3 looked at the Staff audit, correct?

4 A. (Descoteau) Yes, we did.

5 Q. Can you help me? There are some open items that were
6 discussed in the -- some issues raised in the audit.

7 A. (Descoteau) Uh-huh.

8 Q. Is it anticipated, from your view, that, once we get to
9 the permanent rate phase, that those issues will have
10 an impact on the permanent rate?

11 A. (Descoteau) Yes. Some of the issues have already been
12 incorporated into the temporary rate phase. And, the
13 ones that were questionable, that we weren't going to
14 have time to hash out, and they related more to the
15 permanent phase, we saved for the permanent phase. But
16 any of the ones that were known and measurable for the
17 temporary rate have already been incorporated into the
18 adjustments for the temporary rate phase, and they're
19 noted in the temporary adjustments.

20 Q. Thank you. And, you don't need to -- Ms. Carson, it
21 looked like you had something to say, so I didn't want
22 to --

23 A. (Carson) No. I agree.

24 COMMISSIONER SCOTT: All right. Great.

[WITNESS PANEL: Carson~Descoteau]

1 I'll take that as agreement. Thank you.

2 CHAIRMAN HONIGBERG: Commissioner

3 Bailey.

4 COMMISSIONER BAILEY: Thank you. Good

5 morning.

6 WITNESS CARSON: Good morning.

7 BY COMMISSIONER BAILEY:

8 Q. Ms. Carson, I'm looking at our Order of Notice, and it
9 tells customers what the rate increase -- the temporary
10 rate increase is proposed by the Company to be, but I
11 don't think there's any indication that it would be
12 effective on January 1st. So, do you know if customers
13 know that these temporary rates are going to be
14 effective January 1st? Is there any way they know
15 that?

16 A. (Carson) I'm not sure, at this time.

17 Q. Okay. The period from September 8th through
18 December 31st, I think I understand what you said.
19 But, because we've set temporary rates beginning --
20 well, assuming this goes through, we set temporary
21 rates beginning on September 8th, when the case is
22 finally resolved, you will collect the permanent rate
23 between September 8th and December 31st in the
24 surcharge?

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[WITNESS PANEL: Carson~Descoteau]

1 A. (Carson) We would collect the difference between the
2 permanent rate and the current rate, the September 8th
3 through December 31st, and then the difference between
4 the permanent rate and the temporary rate from
5 January 1 through the final order.

6 Q. Okay.

7 A. (Carson) Is my understanding.

8 Q. Okay. So, could you, in order to give customers
9 notice, postpone the effective date until February 1st,
10 and still be made whole in the same way, but collect
11 the difference between the existing rate and the
12 permanent rate between September 8th and January 31st,
13 or would that cause the Company a problem?

14 A. (Carson) I think that would be possible. I don't see
15 it causing a problem, in order to give customers more
16 notice. But, as I said, we would inform customers --
17 we can inform customers as early as January 4th. And,
18 the bill that they would see that would reflect the new
19 rate would be one month from then. So, I think one
20 month is a pretty adequate amount of time.

21 Q. Yes. So, what you're saying is, you can inform them
22 beginning with bills on January 4th, and then implement
23 the temporary rate increase in the next bill?

24 A. (Carson) It would be in the next bill, but that bill is

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[WITNESS PANEL: Carson~Descoteau]

1 billing for the period from January 1 through January
2 31st.

3 Q. Oh, you bill in arrears?

4 A. (Carson) Correct.

5 Q. Oh, okay. All right. That's helpful. Thank you.

6 Exhibit 4, I don't have a copy of your full tariff in
7 front of me, so, I'm not really sure -- I'm trying to
8 understand the difference between this and what you
9 filed in Exhibit 2, in Tab 3, which are your proposed
10 tariff pages. And, that starts with Page 16, and this
11 is Page -- the Exhibit 2 tariff pages start with
12 Page 16, and the Exhibit 4 tariff pages start with
13 Page 13. Am I right?

14 A. (Carson) Is Exhibit 2 for the temporary --

15 Q. Oh, I found it. Page 13 is at the very end of Tab 3.

16 A. (Carson) Okay.

17 Q. I think. It is, but it's a completely different page.

18 So, can you look at Page 13, in Exhibit 2, Tab 3, right
19 before the cardboard Tab 4?

20 A. (Carson) I'm looking at my -- I have my own original
21 here.

22 Q. Okay.

23 A. (Carson) Okay. So, which tariff is that?

24 Q. It's "Abenaki Water, Tariff 1", --

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1 A. (Carson) Uh-huh.

2 Q. -- "Bow, New Hampshire".

3 A. (Carson) Uh-huh.

4 Q. It says "2nd Revised Page 13". Both Exhibit 4 and
5 Exhibit 2 say "2nd Revised Page 13", and they have
6 different information on them. I'm looking
7 specifically at the rate information.

8 A. (Carson) Okay. So, one is the difference between our
9 proposed and the one that we came to agree on in the
10 Settlement Agreement.

11 Q. Yes. Okay.

12 A. (Carson) So, you want -- I'm sorry?

13 Q. Well, on the Exhibit 2 page, it says it's based on
14 "Size of meter 1 inch and smaller", and the charge is
15 "19.54".

16 A. (Carson) Uh-huh.

17 Q. And, it says "Charge per month". And, on the Exhibit 4
18 page, there's a "Base Charge" and a "Consumption
19 Charge", and they're both the same. Except I assume
20 that the consumption charge is for every hundred cubic
21 feet of water used, you pay 11.62, under the temporary
22 rates?

23 A. (Carson) That's correct.

24 Q. Okay. So, what rate on the Exhibit 2 page do I compare

[WITNESS PANEL: Carson~Descoteau]

1 that to?

2 A. (Carson) The \$10.20 per hundred cubic feet.

3 Q. Okay. And, the "Charge per Month" is the same as the
4 "Base Charge" or is analogous to the "Base Charge"?

5 A. (Carson) Yes.

6 Q. I mean, they're called different things, which is
7 confusing to me.

8 A. (Carson) I understand.

9 Q. But that's the same thing?

10 A. (Carson) Yes.

11 Q. Okay. So, is the "Base Charge" the same as what you
12 call the "customer charge" on, for instance, Page 16 of
13 Exhibit 2, the Tariff Page 16 of Exhibit 2, which is
14 the first page in the filing, first tariff page in the
15 filing?

16 A. (Carson) Yes.

17 Q. So, the proposed temporary rate tariff was a monthly
18 charge of 32.33, and you've --

19 A. (Carson) That's for -- oh, I'm sorry. Excuse me.

20 Q. Go ahead.

21 A. (Carson) That was for Belmont water, --

22 Q. Oh.

23 A. (Carson) -- which we are --

24 Q. Okay.

{DW 15-199} [Hearing on temporary rates] {12-21-15}

[WITNESS PANEL: Carson~Descoteau]

1 A. (Carson) -- would want to continue at that existing
2 rate.

3 Q. Okay. All right. That's where the confusion is. So,
4 that's Belmont. And, so, for Bow, where you charge
5 32.33 in Belmont, your temporary rate would be 11.62
6 per month in Bow?

7 A. (Carson) That's correct.

8 Q. And, then, in Belmont, you charge \$5.34, rounded, per
9 hundred cubic feet of water used. And, in Bow, you
10 would charge -- you're proposing to charge 11.62 per
11 hundred cubic feet?

12 A. (Carson) That's correct.

13 Q. All right.

14 A. (Carson) And, currently, Bow and Belmont have separate
15 tariffs, and that's why the page numbers are --

16 Q. Okay.

17 A. (Carson) -- confusing as well.

18 Q. Okay. Thank you. And, so, for the permanent case, you
19 want to make them the same in Bow and Belmont, is that
20 right?

21 A. (Carson) That's the goal.

22 Q. Okay. So, the goal would be to make the customer
23 charge the same and the usage charge the same?

24 A. (Carson) Correct.

{DW 15-199} [Hearing on temporary rates] {12-21-15}

[WITNESS PANEL: Carson~Descoteau]

1 Q. Okay. Thank you. Okay. Can you look at the Belmont
2 Commercial Class A customers and Commercial Class B and
3 tell me what the difference is? Not the rate, but,
4 because the rate's significantly different, but why is
5 the rate significantly different?

6 A. (Carson) The size of the meter.

7 Q. I'm new to water.

8 A. (Carson) Oh, okay.

9 Q. So, tell me a little bit about that please.

10 A. (Carson) The Class A meter is a two-inch. So, it
11 allows for a higher flow. And, the Class B meter is
12 one and a half inch, I believe, subject to check.

13 Q. Okay. Ms. Descoteau?

14 A. (Descoteau) Yes.

15 Q. You said you reviewed their annual report and the audit
16 report?

17 A. (Descoteau) Yes.

18 Q. And, Ms. Carson said that, in 2014, their achieved rate
19 of return was "5.65 percent".

20 A. (Descoteau) That's correct.

21 Q. Do you agree with that calculation?

22 A. (Descoteau) Yes.

23 COMMISSIONER BAILEY: Okay. And, I
24 think that's all I have. Thank you very much.

1 BY CHAIRMAN HONIGBERG:

2 Q. I have a question that's come up a couple of times
3 about the reconciliation of the temporary rate recovery
4 and reconciliation of the temporary rate. I'm missing
5 from what everybody has said. Is the temporary rate
6 going to actually be charged to anyone for the period
7 from September 8th through December 31st, as you
8 proposed it? Is anybody going to be paying that? Ms.
9 Descoteau.

10 A. (Descoteau) I'll try to explain it a little bit better.
11 At the end of the rate case, when it's totally decided
12 on for the permanent rates, that's when the
13 reconciliation of all of the rates takes place. And,
14 there's a reconciliation for the temporary portion,
15 there's a reconciliation for the permanent portion, and
16 that's all charged at a determined amount of months to
17 the customers. So, nothing gets back-charged until the
18 end of the rate case. And, it's based on a
19 reconciliation that's done by the Company, and reviewed
20 by Staff.

21 Q. The key phrase, though, that you just said is "nothing
22 gets back-charged until the end of the rate case."

23 A. (Descoteau) Right. And, it goes from the end of the
24 rate case back to the agreed upon September 8th.

[WITNESS PANEL: Carson~Descoteau]

1 Q. Right. Why do we need a temporary rate from September
2 8th to December 31st, if it's never going to be
3 collected? You're just reconciling the permanent rate
4 back then.

5 A. (Descoteau) It does get collected, the purpose of the
6 temporary rate is to give relief to the Company now,
7 because the Company is not earning what it needs to be
8 earning. And, so, that -- the temporary rate will
9 assist the Company now.

10 Q. Well, I get that. But they're only going to be
11 collecting it starting in February.

12 A. (Descoteau) Right.

13 Q. As of the January -- under their proposal under the
14 January -- for the month of January?

15 A. (Descoteau) Correct.

16 Q. But it's going to be "in effect" from September 8th
17 through December 31st, "in effect", but not paid by
18 anyone, ever, it seems?

19 A. (Descoteau) It will be. It will be charged once the
20 permanent rates are applied.

21 Q. Why? Why aren't we just reconciling the permanent rate
22 back to that date? It should have the same
23 mathematical effect. Am I wrong?

24 A. (Descoteau) I --

{DW 15-199} [Hearing on temporary rates] {12-21-15}

[WITNESS PANEL: Carson~Descoteau]

1 CHAIRMAN HONIGBERG: Let's see if we
2 can --

3 MS. PATTERSON: Mr. Chairman, if I might
4 offer Mr. Naylor for additional information, if that would
5 be helpful?

6 CHAIRMAN HONIGBERG: Mr. Naylor, help me
7 out here.

8 MS. PATTERSON: Would you like him sworn
9 in?

10 CHAIRMAN HONIGBERG: We'll see.

11 MR. NAYLOR: When we look at, and I
12 believe it's 378:29 is the reconciliation statute, it
13 describes the reconciliation between permanent and
14 temporary rates. What we have here is potentially, and
15 it's the period of time you're referring to, September 8th
16 to December 31, that would be a reconciliation between
17 permanent rates and current rates. There's a couple of
18 ways to do it. We felt that the way that it's recommended
19 to be done is better, because otherwise what you'd have to
20 do is to order a surcharge now for that difference. The
21 Company has already billed those months, from
22 September 8th through the end of the year, or will have.
23 The customers, if you approve this
24 Settlement, will owe the difference between current and

{DW 15-199} [Hearing on temporary rates] {12-21-15}

[WITNESS PANEL: Carson~Descoteau]

1 temporary for that period of time, but there's no way to
2 collect it at this particular time, unless you
3 specifically authorize a surcharge now. Because they bill
4 monthly, and they can't reach back to September 8th under
5 their current billing.

6 So, what we propose, and it's been done
7 in other cases, and we can provide those, is to do the
8 reconciliation all at once at the end of the proceeding.
9 So, in essence, there will be two reconciliations. There
10 will be permanent and temporary, reconciled from January 1
11 of '16 forward, and there will be permanent to current
12 from September 8th to December 31. Those amounts we would
13 likely propose to be combined, and potentially combined
14 with the rate case expenses into a surcharge to be
15 determined.

16 CHAIRMAN HONIGBERG: Since we're, I
17 think, talking about a statute now, I don't think it's
18 necessary for Mr. Naylor to be sworn in. But let me make
19 sure I understand.

20 At the beginning of what you said, you
21 made a reference to "RSA 378", and its provision for
22 reconciliation between permanent and temporary rates. Is
23 the problem that's existing in my head, may be the only
24 place it's existing, the result of that statute, which

{DW 15-199} [Hearing on temporary rates] {12-21-15}

[WITNESS PANEL: Carson~Descoteau]

1 doesn't provide for reconciliation between permanent rates
2 and current rates?

3 MR. NAYLOR: It doesn't specifically
4 provide for it. But --

5 CHAIRMAN HONIGBERG: And, so, we've
6 developed this mechanism of putting a temporary rate in
7 effect, but not actually charging it, and then having the
8 reconciliation be a little more complicated, but
9 mathematically the same?

10 MR. NAYLOR: Correct.

11 CHAIRMAN HONIGBERG: Ms. Patterson.

12 MS. PATTERSON: My understanding is that
13 the Commission deeming the September 8th date as the
14 "effective date" for the rate change is that that is --
15 that enables the permanent rate reconciliation, which is
16 the second part that Mr. Naylor referred to.

17 The Company, my understanding is that
18 the Company --

19 CHAIRMAN HONIGBERG: I don't think
20 that's different from what I just said.

21 MS. PATTERSON: Okay.

22 CHAIRMAN HONIGBERG: Mr. Richardson, you
23 look like you want to say something.

24 MR. RICHARDSON: I was going to

[WITNESS PANEL: Carson~Descoteau]

1 essentially say what Attorney Patterson just said, is is
2 that the key provision is is that the -- this Settlement
3 Agreement deems September 8th to be the effective date of
4 the temporary rates, although the actual charging doesn't
5 occur to a later date. So, at the end of the permanent
6 rate case, there's a reconciliation back to the
7 September 8th date as the effective date for temporary
8 rates. And, then, I think the issue you just alluded to,
9 Mr. Chairman, then effectively falls within the statute at
10 that point.

11 CHAIRMAN HONIGBERG: This seems overly
12 complicated. But sometimes that's the situation here that
13 it leaves us with.

14 MR. RICHARDSON: We actually did
15 contemplate at one point filing a surcharge tariff, in an
16 earlier version of Exhibit 4 that we had proposed was to
17 include a separate set of schedules to charge from,
18 effectively, you know, starting on January 1st, or
19 whenever the Commission's order came out, to recover that
20 period, and then we would only do the reconciliation from
21 the temporary rate to the permanent at the end. But,
22 instead, we're treating the --

23 CHAIRMAN HONIGBERG: And, you thought to
24 yourselves "we've aggravated our customers enough."

{DW 15-199} [Hearing on temporary rates] {12-21-15}

[WITNESS PANEL: Carson~Descoteau]

1 MR. RICHARDSON: Actually, I disagree on
2 that, and I'll tell you why. Because what happens is is
3 what we're effectively doing is increasing the recoupment
4 charge at the end of the case, and there's always the
5 potential for a mismatch between, you know, the customer
6 who received the benefit of the earlier rate today, and
7 then moves out on January 1st, and never pays anything
8 from the -- and, then, the customer who moves in on
9 January 2nd then pays a surcharge for a lower rate that
10 they never received the benefit of.

11 CHAIRMAN HONIGBERG: I was being flip.
12 But it is -- multiple changes are confusing, and you would
13 be institutionalizing multiple changes. You'd definitely
14 be adding a step if you did that.

15 But you've -- I'm satisfied that there's
16 some limitation on the flexibility that you have to
17 reconcile back to current rates, and that's creating this
18 need for the multistep process. And, if Mr. Naylor will
19 nod his head at me and say that that's "roughly correct",
20 then I'll feel better about myself?

21 *[Mr. Naylor nodding in the affirmative.]*

22 CHAIRMAN HONIGBERG: Thank you, Mr.
23 Naylor.

24 I don't think I have any other

[WITNESS PANEL: Carson~Descoteau]

1 questions. Mr. Richardson, do you have any follow-up for
2 your witnesses -- or, your witness, rather?

3 MR. RICHARDSON: None, Mr. Chairman.
4 Thank you.

5 CHAIRMAN HONIGBERG: Ms. Patterson, do
6 you have any follow-up for your witness?

7 MS. PATTERSON: Yes. One question
8 please.

9 CHAIRMAN HONIGBERG: You say "one
10 question", but we'll see.

11 MS. PATTERSON: We will see. It might
12 be a holiday surprise.

13 **REDIRECT EXAMINATION**

14 BY MS. PATTERSON:

15 Q. Ms. Descoteau, if I might just follow up with you about
16 the question that you got -- or, the question from
17 Commissioner Bailey that was posed related to the
18 Belmont rates and the Commercial A versus Commercial B
19 customers.

20 A. (Descoteau) Uh-huh.

21 Q. Do you agree that that rate design is a legacy from a
22 prior owner?

23 A. (Descoteau) Yes. It's been in effect for quite some
24 time.

1 MS. PATTERSON: Thank you. No further
2 questions.

3 CHAIRMAN HONIGBERG: All right. Seeing
4 no other questions, I think we are done with you ladies.
5 Thank you. You can probably stay where you are, though,
6 because I don't think it's going to be long before we're
7 done.

8 Assuming there's no objection to
9 striking ID on the five exhibits?

10 *[No verbal response]*

11 CHAIRMAN HONIGBERG: Seeing none, ID
12 will be struck. Those are now full exhibits in this
13 proceeding.

14 The last thing we have to do then is
15 allow everyone to sum up. Mr. Laflamme, I think you would
16 get to go first.

17 MR. LAFLAMME: Thank you. We've been
18 involved throughout the process. Our lack of a signature
19 on the Agreement doesn't indicate that we're not in
20 agreement. We have no problem with the temporary rate
21 increase.

22 We would like to see it mitigated over
23 time more, if we can. So, the discussion we just had is
24 relevant to that. That would be nice, if that could be

1 done. But we understand there are some limitations.

2 CHAIRMAN HONIGBERG: Thank you, Mr.
3 Laflamme. Ms. Chamberlin.

4 MS. CHAMBERLIN: Thank you. The OCA
5 supports the Settlement Agreement for the temporary rates.
6 There's limited investigation at this stage. We are
7 saving our fire for the permanent rates. There are
8 certainly concerns with various issues being proposed.
9 However, looking at the books and records, we believe that
10 this fairly modest temporary rate increase is reasonable
11 under the evidence that has been presented thus far. So,
12 we support the Agreement.

13 CHAIRMAN HONIGBERG: Ms. Patterson.

14 MS. PATTERSON: Thank you. The Staff
15 supports the proposed revenue requirement increase for
16 temporary rates, and ask that the Commission approve the
17 Settlement Agreement.

18 CHAIRMAN HONIGBERG: Mr. Richardson.

19 MR. RICHARDSON: Abenaki Water Company
20 concurs with Staff's closing argument. I don't have
21 anything else to really add to this. We think it's a good
22 compromise on all the issues. And, we look forward to
23 working with everyone on permanent rates.

24 CHAIRMAN HONIGBERG: And, I know the

1 schedule has been set for the remainder of the proceeding.
2 And, I think we have a hearing scheduled in May, is that
3 right?

4 MS. PATTERSON: Yes.

5 CHAIRMAN HONIGBERG: All right. Well,
6 if there's nothing else we need to do, thank you all.
7 And, we will adjourn.

8 ***(Whereupon the hearing was adjourned at***
9 ***10:46 a.m.)***

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