

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION



ORIGINAL

JULY 7, 2016 - 10:09 A.M.
Public Utilities Commission
21 South Fruit Street
Concord, New Hampshire

RE: DW 16-619
LAKES REGION WATER COMPANY,
INC. AND DOCKHAM SHORES
ESTATES WATER CO., INC.
(*Prehearing Conference*)

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

APPEARANCES:

Reptg. Lakes Region Water Company, Inc.:
Justin C. Richardson, Esq.
(Upton & Hatfield)

Reptg. Dockham Shores Estates Water Co.:
Ethan G. Wood, Esquire
(Patrick Wood Law Office)

COURT REPORTER: SUSAN J. ROBIDAS, N.H. LCR NO. 44

I N D E X

	<u>PAGE</u>
POSITION OF THE PARTIES:	
By Mr. Richardson	5
By Mr. Wood	6
By Mr. Cicale	6
By Mr. Clifford	7
QUESTIONS BY COMMISSIONERS:	
Cmsr. Bailey	8
Cmsr. Scott	9

P R O C E E D I N G S

1
2 MR. CHAIRMAN: Good morning. We're
3 here this morning in Docket DW 16-619, which is
4 Lakes Region Water Company's Petition to
5 Transfer Utility Assets of Dockham Shores
6 Estates Water Company. And there's a number of
7 related approvals within that request. It's a
8 prehearing conference this morning to take the
9 preliminary positions of the parties and deal
10 with any other matters we need to deal with
11 before you have a technical session.

12 Before we go any further, let's
13 take appearances.

14 MR. RICHARDSON: Thank you. Good
15 morning, Chairman and Commissioners. Justin
16 Richardson with Upton & Hatfield here on behalf
17 of Lakes Region Water Company. With me here at
18 counsel table I have Leah Valladares to my
19 right, who is the Utilities Manager, and Tom
20 Mason, who is President of Lakes Region Water
21 Company.

22 MR. WOOD: Thank you, Commissioners.
23 Ethan Wood, with the Patrick Wood Law Office.

1 And with me is Colin Robertson, who is the
2 President of the Dockham Shores Estates Water
3 Company.

4 MR. CICALÉ: Good morning,
5 Commissioners. Nick Cicale, for the Office of
6 Consumer Advocate, on behalf of residential
7 ratepayers. Along with me is Dr. Pradip
8 Chattopadhyay, Assistant Consumer Advocate.

9 MR. CLIFFORD: John Clifford, on
10 behalf of Commission Staff. With me at counsel
11 table is Mark Naylor, Director of the Gas and
12 Water Division, and Jayson Laflamme, Staff
13 Analyst.

14 MR. CHAIRMAN: I don't have any
15 interventions in the file. Are there any
16 intervenors that any of the parties knows
17 about?

18 MR. RICHARDSON: I believe Staff
19 received an e-mail from the homeowner's
20 association, which Staff shared with us. But I
21 don't see anyone here, and we know that the
22 Affidavits of Publication were all properly
23 noticed and are on file with the Commission.

1 So I have not been contacted and I've not seen
2 an intervention request.

3 MR. CHAIRMAN: The short version of
4 that is, "I'm not aware of any"; right?

5 MR. RICHARDSON: Correct.

6 MR. CLIFFORD: Staff's not aware of
7 any. We checked the docket this morning.

8 MR. CHAIRMAN: Are there any
9 preliminary matters we need to deal with before
10 we hear your preliminary positions?

11 MR. CLIFFORD: None that I'm aware
12 of.

13 CHAIRMAN HONIGBERG: All right.
14 Hearing none, Mr. Richardson, why don't you
15 proceed.

16 MR. RICHARDSON: Thank you, Mr.
17 Chairman.

18 Lakes Region thinks this is a
19 very good proposal. I won't go through it in
20 all of its details. But we have here a system
21 that needs upgrades. We have a system that
22 needs an operator. This system is located in
23 the areas that are served by Lakes Region. For

1 its part, Lakes Region wants to balance its
2 capital structure. That's been recommended by
3 Staff and other parties in its rate case. And
4 so we've proposed debt financing to move us
5 towards our goal of a 50/50 balance of debt and
6 equity. So we think this is a project that
7 will help and benefit the customers of Dockham
8 Shores and Lakes Region. We've gone through
9 all the details in our petition, and we look
10 forward to working with all the parties in
11 trying to reach a favorable outcome for
12 everyone.

13 MR. CHAIRMAN: Mr. Wood.

14 MR. WOOD: We actually agree
15 wholeheartedly with what Mr. Richardson has
16 said regarding the need to transfer the water
17 company to Lakes Region, and we're looking
18 forward to that.

19 CHAIRMAN HONIGBERG: Mr. Cicale.

20 MR. CICALE: The Office of Consumer
21 Advocate is cautiously supportive of the
22 companies' joint filing here for change of
23 control of Dockham Shores to Lakes Region. The

1 capital structure of Lakes Region is rather
2 high on the equity side, so this infused debt
3 would help ease the pain for the ratepayers of
4 Lakes Region as that rate case continues
5 forward to an outcome. And the customers of
6 Dockham Shores would definitely benefit by a
7 new operator in the form of Lakes Region for
8 their system.

9 MR. CHAIRMAN: Mr. Clifford.

10 MR. CLIFFORD: Commission Staff is
11 generally supportive of the idea of smaller
12 water companies being acquired by operators
13 with the proper financial, managerial and
14 technical skills to run a water system.
15 Dockham is a small water system, has an aging
16 plant and equipment. There's notation in the
17 file about atmospheric storage tank issues,
18 noted by the Department of Environmental
19 Services in their recent survey. So, while
20 we're generally supportive, we have some
21 concerns, and we will make a -- pay close
22 attention to the issues surrounding the
23 transfer. And I'll make a formal

1 recommendation at some point during this
2 proceeding.

3 MR. CHAIRMAN: Commissioner Bailey
4 has a question.

5 **QUESTIONS BY CMSR. BAILEY:**

6 CMSR. BAILEY: I was going to ask a
7 question about the DES finding in December.

8 Mr. Robertson, you received a
9 letter from DES advising you of a significant
10 deficiency in the filler pipe. And it was my
11 understanding that it was supposed to be
12 corrected in 30 days. Has that been -- has
13 that work been completed?

14 MR. ROBERTSON: Yes. I have a
15 memorandum here from Cindy Klevens from the
16 Department of Environmental Services. She's
17 closed the deficiency based on the repair work
18 that was done by Lakes Region Water recently,
19 and that issue has been resolved.

20 CMSR. BAILEY: Okay. Thank you.
21 Good news.

22 MR. CHAIRMAN: I think Commissioner
23 Scott may have a question as well.

1 **QUESTIONS BY CMSR. SCOTT:**

2 CMSR. SCOTT: On Page 3 of Exhibit A,
3 you mentioned "construction work in progress."
4 I was curious what is -- is there construction
5 work in progress, or was that just a space
6 filler in case there was? I can direct you
7 more closely to that if you want.

8 MR. ROBERTSON: I don't have any
9 construction work in progress. I'm not sure
10 what that refers to.

11 MR. WOOD: I think that was a space
12 filler, Commissioner.

13 CMSR. SCOTT: Is that correct, Mr.
14 Richardson?

15 MR. RICHARDSON: That is correct. In
16 the event there were to be a project that was
17 in process during closing, then that provision
18 would control how it was handled and how the
19 costs were addressed.

20 CMSR. SCOTT: Okay. Thank you. And
21 I think that's my -- the only other question I
22 was going to ask was about the DES order. But
23 I'm happy that's resolved. So, good.

1 CHAIRMAN HONIGBERG: All right. Is
2 there anything else we need to do before we
3 leave you to your technical session?

4 *[No verbal response]*

5 CHAIRMAN HONIGBERG: Seeing none, we
6 will adjourn. Thank you all.

7 **(Whereupon the hearing concluded at 10:17 a.m.)**

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23