

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

20 OCT 17 AM 11:54

October 5, 2017 - 1:37 p.m.
Concord, New Hampshire

RE: DW 17-114
EVERSOURCE ENERGY:
Joint Petition for Approval of
the Acquisition of Aquarion Water
Company of New Hampshire, Inc.,
by Eversource Energy.

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Kathryn M. Bailey
Commissioner Michael S. Giaimo

Sandy Deno, Clerk

APPEARANCES: Reptg. Eversource Energy:
Robert A. Bersak, Esq.
Daniel Venora, Esq. (Keegan Werlin)
Jessica Buno Ralston, Esq. (Keegan...)

Reptg. Aquarion Water Co. of N.H.:
Marcia A. Brown, Esq. (NH Brown Law)

Reptg. the Town of Hampton:
Mark S. Gearreald, Esq.
Phil Bean, Selectman

Reptg. the Town of North Hampton:
Stephen M. Bennett, Esq. (Wadleigh..)
Jim Maggiore, Chairman/Selectboard

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

CERTIFIED
ORIGINAL TRANSCRIPT

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

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

Rep. Robert Renny Cushing, *pro se*

Rep. Phil Bean, *pro se*

Reptg. Residential Ratepayers:

Brian D. Buckley, Esq.
Office of Consumer Advocate

Reptg. PUC Staff:

John Clifford, Esq.
Mark Naylor, Dir./Gas & Water Div.
Robyn Descoteau, Gas & Water Division

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

I N D E X

PAGE NO.

STATEMENTS BY:

Mr. Clifford	6, 28
Mr. Bersak	8, 9, 20
Mr. Bennett	9
Mr. Gearreald	9
Mr. Buckley	13
Rep. Cushing	14, 23
Mr. Clifford	28

QUESTIONS BY:

Chairman Honigberg	14, 18, 23, 26, 29
Cmsr. Bailey	30
Cmsr. Giaimo	31

P R O C E E D I N G

1
2 CHAIRMAN HONIGBERG: We're here in
3 Docket 17-114, which is Eversource's filing
4 regarding its proposal to acquire Aquarion.

5 Before we do anything else, let's
6 take appearances from the parties, including
7 those who have been granted intervenor status.

8 MR. BERSAK: Good afternoon,
9 Commissioners. Robert Bersak, on behalf of
10 Eversource Energy. And also appearing with me
11 today on behalf of the Company are Daniel
12 Venora and Jessica Buno Ralston, from the Law
13 Firm of Keegan Werlin.

14 MR. MOREIRA: John Moreira,
15 Eversource Energy.

16 CHAIRMAN HONIGBERG: You don't --
17 we're just looking for lawyers and
18 representatives here.

19 MR. MOREIRA: Oh.

20 CHAIRMAN HONIGBERG: But thank you.

21 MS. BROWN: Marcia Brown,
22 representing Aquarion. And most of the people
23 that we listed off in the prehearing are here
24 today. Thank you.

1 CHAIRMAN HONIGBERG: Anybody else on
2 this side of the room?

3 [No verbal response.]

4 CHAIRMAN HONIGBERG: Okay. Over
5 here?

6 MR. GEARREALD: Good afternoon. My
7 name is Mark Gearreald. I'm the Town Attorney
8 for the Town of Hampton. I have with me
9 Selectman Philip Bean, who is an intervenor in
10 his own right.

11 MR. BENNETT: Good afternoon. Steve
12 Bennett. I'm Counsel for the Town of North
13 Hampton. And with me is Selectboard Chairman
14 Jim Maggiore.

15 REP. CUSHING: Representative Renny
16 Cushing, *pro se*, representing myself.

17 MR. BUCKLEY: Good afternoon,
18 Commissioners. My name is Brian D. Buckley.
19 I'm a staff attorney with the Office of the
20 Consumer Advocate. And I'm here representing
21 the interests of residential ratepayers.

22 MR. CLIFFORD: John Clifford, Staff
23 attorney for the New Hampshire Public Utilities
24 Commission. With me at counsel's table, just

1 so you know, is Mark Naylor, Director of the
2 Gas & Water Division, and Robyn Descoteau, Gas
3 & Water Division.

4 CHAIRMAN HONIGBERG: All right. How
5 are proceeding today, Mr. Clifford?

6 MR. CLIFFORD: We are going to
7 proceed with the counsel for Eversource, and I
8 think we have effectively a resolution of all
9 matters with respect to the intervening towns
10 of Hampton and New Hampton -- and North
11 Hampton, excuse me, in this matter.

12 So, we would propose that the Town
13 goes first -- excuse me, the Company go first.
14 There's also one or two -- actually, two
15 administrative matters, one the Commission
16 raised last at the prehearing conference with
17 regard to the submission of -- the format for
18 submission of confidential materials. We
19 wanted to have your assurances that those are
20 in the proper format. Staff has reviewed them.
21 We think they're fine. We just think you
22 should address that issue, since you raised it
23 on your own. And then, two, is there's a
24 Motion for Confidential Treatment of certain

1 matters outstanding.

2 And then we'd proceed with the
3 Company to announce its position.

4 CHAIRMAN HONIGBERG: All right. I
5 think we will grant, or have already granted,
6 I'm not quite sure, the Motion for Confidential
7 Treatment that was pending. That was one of
8 the pending matters, right?

9 MR. CLIFFORD: Correct.

10 CHAIRMAN HONIGBERG: Okay. So, that
11 we are doing, if we haven't already done it.
12 If there is some need to refer to matters that
13 are confidential, Mr. Bersak, you'll be
14 sensitive to that.

15 MR. BERSAK: Yes, sir.

16 CHAIRMAN HONIGBERG: And, if we need
17 to have certain people leave to deal with
18 confidential information, we'll do that.
19 Although, that may not be necessary.

20 Are there any other preliminary
21 matters we need to deal with?

22 MR. CLIFFORD: No. We don't have any
23 on Staff's end, and we're not aware of any that
24 have been raised.

1 CHAIRMAN HONIGBERG: All right. Mr.
2 Bersak.

3 MR. BERSAK: Yes. We have a small
4 handful of administrative matters. As Attorney
5 Clifford just said, we did have that Motion for
6 Confidential Treatment. But there was also a
7 second Motion for Confidential Treatment
8 dealing with one response to a data request.
9 And we had filed the response per the
10 Commission's rules, and we followed up with the
11 motion last Friday it was filed.

12 CHAIRMAN HONIGBERG: I don't think we
13 need to deal with that this moment. Under our
14 rules, if confidential treatment is requested,
15 then it will be deemed "confidential" until
16 appeal rights are exhausted.

17 Is the filing September 29th?

18 MR. BERSAK: Yes, sir.

19 CHAIRMAN HONIGBERG: Is that the date
20 we're talking about?

21 MR. BERSAK: That's the one.

22 CHAIRMAN HONIGBERG: All right.

23 MR. BERSAK: Second, also as Attorney
24 Clifford related, is that, as a result of the

1 discovery process that the Company has agreed
2 to, and the subsequent technical session, and
3 the discussions that ensued following that
4 technical session, it's our belief that both
5 the Town of Hampton and the Town of North
6 Hampton no longer have any opposition to the
7 transaction going forward.

8 CHAIRMAN HONIGBERG: Mr. Gearrald and
9 Mr. Bennett, is that correct?

10 MR. BENNETT: That is correct.

11 MR. GEARRALD: That's correct. Our
12 concerns that were articulated in our --
13 Hampton's petition to intervene, after a number
14 of meetings with the companies, have been
15 satisfactorily addressed, and we withdraw our
16 objection.

17 MR. BERSAK: The next administrative
18 matter is we have a need for a clarification.
19 Yesterday afternoon Representative Cushing made
20 a filing in this docket captioned as
21 "Information concerning Eversource's
22 responsibility for contamination of Coakley
23 Superfund site and potential conflict of
24 interest as a polluter in safeguarding Aquarion

1 Water from Coakley toxins."

2 CHAIRMAN HONIGBERG: Mr. Bersak, I am
3 aware of that document. I don't, however, know
4 if it's been filed. I mean, I know a lot of
5 people have it.

6 MR. BERSAK: Yes.

7 CHAIRMAN HONIGBERG: And I read a
8 news article about it.

9 MR. BERSAK: Yes.

10 CHAIRMAN HONIGBERG: Mr. Cushing, you
11 want to talk for a minute about --

12 REP. CUSHING: I filed it. I sent it
13 by email yesterday afternoon.

14 CHAIRMAN HONIGBERG: To whom?

15 REP. CUSHING: To the Commission. To
16 the list serve.

17 MR. BERSAK: It had a very large
18 attachment, Mr. Chairman. And I believe that
19 the State system probably kicked it out.

20 But I don't know -- but also it
21 sounds like there were no paper copies filed,
22 as required by the Commission's rules. But I
23 just want to make the Commission is aware of
24 it. We're not trying to blindside anybody.

1 CHAIRMAN HONIGBERG: We are aware of
2 it. And I believe -- I know I've read it. So,
3 we're aware of it, Mr. Cushing, although I
4 don't know that it was effectively filed. But
5 we'll take it up in a moment.

6 REP. CUSHING: I'll correct that.

7 MR. BERSAK: So, the clarification is
8 "what is it?" Is it testimony or is it a
9 public comment? Is Representative Cushing
10 going to be a witness in this proceeding,
11 subject to cross-examination? Is it a brief?

12 We don't know how to respond to it,
13 because we don't know what it is.

14 CHAIRMAN HONIGBERG: All right.
15 Well, if you want to deal -- or, what other
16 issues do you have?

17 MR. BERSAK: Well, the last one --

18 CHAIRMAN HONIGBERG: And then we'll
19 decide what order we're going to take them in.

20 MR. BERSAK: Well, the last one,
21 finally, is that, you know, as you're aware,
22 the primary goal of our -- of the Joint
23 Petitioners here was to demonstrate that the
24 acquisition of Aquarion Water by Eversource

1 meets the statutory standard set forth in
2 369:8, II(a). That is that the approval of
3 this Commission is not required, because we
4 made a detailed representation that the
5 transaction will not adversely affect rates,
6 terms, service, or operation of the Aquarion
7 Water Company of New Hampshire within this
8 state.

9 As was noted by you, the Chair,
10 during the August 17 prehearing conference, it
11 would be hard to argue that *status quo* is an
12 adverse impact on rate ratepayers as 369:8
13 words it.

14 It's the Petitioners' position that
15 they have already met the standard of 369:8,
16 II, via the detailed representations in writing
17 in the Application as, well as the statements
18 made during the prehearing conference. And,
19 we, as you are aware, we agreed to toll the
20 60-day period set forth in the statute to
21 entertain discovery questions from the parties,
22 to participate a tech session to respond to
23 additional inquiries from parties. So, we've
24 gone more than the extra mile to allow others

1 an opportunity to test whether that standard
2 has been met.

3 Based upon that narrow standard in
4 the statute, as the Commission also noted
5 during the prehearing conference, the relevant
6 issues are limited in scope.

7 We submit that, in light of the
8 narrow statutory standard, and the absence of
9 any evidence to the contrary, that the
10 statutory standard has been met, and there is
11 no need to have an adjudicative hearing. So,
12 in essence, we'd like the Commission to
13 announce that, as set forth in the statute,
14 approval of the Commission shall not be re-
15 quired, and that the Commission [transaction?]
16 can proceed as proposed.

17 CHAIRMAN HONIGBERG: All right. Ms.
18 Brown, I assume you have nothing else to offer
19 on that?

20 MS. BROWN: No. Thank you.

21 CHAIRMAN HONIGBERG: Mr. Buckley, no
22 one has mentioned that you have a position.
23 Does the OCA have a position on this?

24 MR. BUCKLEY: The OCA does not object

1 to the Petition being granted, pursuant to RSA
2 374:33, and offers no formal comment regarding
3 the merits of the Petition under RSA 369:8.

4 CHAIRMAN HONIGBERG: Okay. Mr.
5 Cushing.

6 REP. CUSHING: Yes. I maintain the
7 position that it is actually up to the
8 Commission to make a finding that the
9 acquisition would be in the public good.

10 And I don't believe that the
11 Petitioners have -- are able to demonstrate
12 that.

13 CHAIRMAN HONIGBERG: Are you -- you
14 then are referring not to 369:8, correct?

15 REP. CUSHING: I'm referring -- yes.
16 I don't believe that the -- I don't -- I
17 believe that the nature of this Petition is
18 such that it's not good enough to -- it's not
19 sufficient just to have no net harm. It has to
20 be found in the public good.

21 CHAIRMAN HONIGBERG: What statute are
22 you relying on for that? Is it 374:33?

23 REP. CUSHING: I believe that's it.

24 CHAIRMAN HONIGBERG: And that the

1 phrase used there is "public interest"?

2 REP. CUSHING: "Public interest" and
3 "public good".

4 CHAIRMAN HONIGBERG: I don't see
5 "public good" in 374:33. And the phrases may
6 be equivalent.

7 REP. CUSHING: Right. Respectfully,
8 I believe they're equivalent.

9 CHAIRMAN HONIGBERG: Okay. And your
10 view as to why 369:8 does not apply would be
11 what?

12 REP. CUSHING: I believe that this is
13 not just a *de minimis* transaction. I think
14 that what -- the reason I think that it's not
15 just a matter of changing a small number of,
16 you know, ownership. This is an entire -- this
17 is a significant change from any other similar
18 acquisitions in this state.

19 This is an electric utility holding
20 company now, for the first time, branching out
21 to acquire a water utility. I think that it's
22 the first time that that's taken place here in
23 the State of New Hampshire. I think that it's
24 not just enough to have a -- you know, it won't

1 have any impact on people. I think it has to
2 be a finding in the public good.

3 CHAIRMAN HONIGBERG: Does 369:8 only
4 apply to small *de minimis* transactions?

5 REP. CUSHING: No. I think it
6 applies to all, but --

7 CHAIRMAN HONIGBERG: I just want to
8 make sure I understand the argument. Because
9 369:8 --

10 REP. CUSHING: Right.

11 CHAIRMAN HONIGBERG: -- appears to be
12 quite a broad statute passed by the Legislature
13 regarding mergers and acquisitions involving
14 utility holding companies.

15 REP. CUSHING: Right. And I believe
16 that it is -- that there must -- that this is
17 not -- that what is involved in here is more
18 than just that.

19 CHAIRMAN HONIGBERG: It's more than a
20 merger or acquisition?

21 REP. CUSHING: Of stock.

22 CHAIRMAN HONIGBERG: What more is it?

23 REP. CUSHING: It is a -- it's a
24 combination of two separate types of utility

1 franchises in this state.

2 CHAIRMAN HONIGBERG: We have that in
3 the state. We have Liberty and Unitil, both
4 operate electric and gas utilities in the
5 state.

6 REP. CUSHING: And respectfully,
7 your -- respectfully, Mr. Chairman, I think
8 that the branching out into water is a
9 separate -- is different -- is distinct than
10 water -- than electricity and gas.

11 CHAIRMAN HONIGBERG: Is it also
12 because Eversource is involved?

13 REP. CUSHING: It's partly,
14 absolutely because it's Eversource. Yes.

15 CHAIRMAN HONIGBERG: Just to -- my
16 understanding of your filing is that a lot of
17 it is because it's Eversource.

18 REP. CUSHING: Yes. Absolutely. I
19 think I'm concerned about Article 83 of the
20 State Constitution warns us against, you know,
21 against fictitious capitalization and against
22 abuse of monopolies. I think that having a
23 company now that would exist and would have a
24 virtual monopoly on both the electric

1 generation and distribution, as well as now
2 water systems, is not consistent with our State
3 Constitution.

4 CHAIRMAN HONIGBERG: Regarding the
5 substance of your filing, --

6 REP. CUSHING: Uh-huh.

7 CHAIRMAN HONIGBERG: -- or your
8 attempted filing, which I understand you'll
9 cure whatever needs to be cured, what is the
10 argument that you want to make, based on the
11 information that's in that filing?

12 REP. CUSHING: The argument I want to
13 make is it's not in the public good for the
14 Commission to approve this merger, this
15 acquisition.

16 CHAIRMAN HONIGBERG: Because
17 something to do with Superfund site?

18 REP. CUSHING: There are a number of
19 reasons why I don't believe it's consistent
20 with the public good. First of all, as the
21 Commission is well aware, over the past couple
22 decades, we've dealt a fair amount with
23 Eversource. The Legislature helped go through
24 to set up a situation where there is a

1 requirement that Eversource divest itself of
2 its electric generating facilities, presumably
3 for the purpose so they could concentrate on
4 its core mission, its core work of the
5 distribution and transmission of electricity.

6 You, this Commission, sat on the --
7 you know, this restructuring, sat on the
8 whole -- when the Legislature three years ago
9 approved the authorization of rate reduction
10 bonds, I don't think it was the intent of the
11 Legislature or the thought of the Legislature
12 that what was going to happen is that the
13 Legislature would step in, would provide to the
14 utility the opportunity to issue bonds, and
15 kind of a raid on the public treasury, so that
16 it then could turn around and abandon
17 generating electricity and take up a water
18 company.

19 It just was not consistent with what
20 the -- I don't think anyone ever envisioned
21 that we'd be in a situation right now where the
22 largest electric generator -- electric
23 distribution and transmission company in the
24 state would be getting into the water business.

1 We had thought that maybe the money would be
2 used to reduce electric rates for its
3 transmission and distribution customers. But,
4 instead, it seems that they have the ability
5 now to go and start acquiring other businesses
6 outside of its core mission.

7 CHAIRMAN HONIGBERG: I'm going to
8 guess that Mr. Bersak wants to respond to part
9 of that. Because I think there may be some
10 misunderstandings about who's acquiring what
11 and what money and what the source of funds
12 that Eversource holding company will be using
13 here.

14 Mr. Bersak.

15 MR. BERSAK: Well, let's just start
16 off, you know, with there were comments made by
17 Representative Cushing regarding restructuring,
18 and the ongoing divestiture of Public Service
19 Company of New Hampshire's generating assets.

20 You know, the purpose of
21 restructuring, as was just argued to the New
22 Hampshire Supreme Court just last week, was
23 two-fold, perhaps: Number one, to reduce rates
24 for customers. Number two was to implement a

1 competitive electricity supply market.

2 There was nothing in the
3 restructuring statute that says that the move
4 away from vertically integrated utilities was
5 to force utilities to concentrate on T&D
6 assets. That's just not there.

7 With respect to the "raid on the
8 public treasury", I don't think that the, you
9 know, the securitized financings that the
10 Legislature approved and that Public Service
11 Company of New Hampshire entered into was a
12 "raid on the public treasury". It was a way of
13 reducing the costs of stranded costs that
14 Public Service had the right to recover under
15 the law.

16 With respect to the acquisition of
17 Aquarion, it is not customer funds that are
18 being used to pay for the purchase of stock
19 from Macquarie when they sell their stock
20 interest in the Aquarion Companies. It's
21 shareholder money.

22 CHAIRMAN HONIGBERG: Is it PSNH
23 shareholder money?

24 MR. BERSAK: PSNH only has one

1 shareholder.

2 CHAIRMAN HONIGBERG: And who is --

3 MR. BERSAK: Eversource Energy.

4 CHAIRMAN HONIGBERG: And, so, it's
5 Eversource money. It's an entity above PSNH?

6 MR. BERSAK: Correct. It's the
7 parent company's.

8 CHAIRMAN HONIGBERG: I know we talked
9 about this at the last -- the last time we were
10 together about the possibility of
11 cross-subsidization, and whether one utility's
12 ratepayers might be on the hook for obligations
13 of the other utility, one utility being PSNH,
14 the other utility being Aquarion. And this is
15 structured so that these two entities are
16 separate, correct?

17 MR. BERSAK: Correct. I mean,
18 Eversource already operates six utility
19 companies: An electric company and a gas
20 company in Connecticut; two electric companies
21 and a gas company in Massachusetts; and Public
22 Service Company of New Hampshire, in New
23 Hampshire. There is not a question or there's
24 no concerns about cross-subsidization between

1 those companies. We follow the Uniform System
2 of Accounts for bookkeeping, and we charge time
3 appropriately. And there should be no concern
4 that there's going to be a wrongful subsidization
5 between water company customers and electric
6 company customers.

7 CHAIRMAN HONIGBERG: Mr. Cushing.

8 REP. CUSHING: Well, if I might?
9 First of all, I think that, by its very nature,
10 the issuance of tax-exempt bonds, it's a tax
11 expenditure, and a tax expenditure is a raid on
12 the public treasury. Otherwise, those -- the
13 bondholders would pay taxes upon those, like
14 any other operation.

15 Secondly, I, notwithstanding anything
16 that Attorney Bersak said, I believe that it's
17 not -- I continue to maintain it is not in the
18 public interest of the ratepayers of the State
19 of New Hampshire to have its electric
20 distribution -- transmission/distribution
21 monopoly franchise and water monopoly
22 franchises to be combined.

23 CHAIRMAN HONIGBERG: Assume with me
24 for a moment that we're operating under 369:8,

1 and not 374:33.

2 REP. CUSHING: Uh-huh.

3 CHAIRMAN HONIGBERG: Just assume
4 374:33 does not apply. If we are operating
5 under 369:8, do you have a position on this
6 transaction?

7 REP. CUSHING: I'm opposed to the
8 transaction, under both.

9 CHAIRMAN HONIGBERG: Why, under
10 369:8? What part of 369:8 are you relying on
11 to oppose it?

12 REP. CUSHING: Give me a minute, I'll
13 find it.

14 CHAIRMAN HONIGBERG: I think the
15 operative phrase is "adverse effect on rates,
16 terms, service, or operation of the public
17 utility within the state". That's the business
18 end of the phrase there.

19 REP. CUSHING: I believe it will have
20 an adverse effect upon all of those. There's
21 the potential to do that. I don't believe that
22 you can find -- I don't believe it's sufficient
23 to have the -- this is not time-limited. I
24 think that, in the long term, I think that the

1 Commission has a responsibility to examine
2 this, not just from the snapshot of what
3 Eversource says it's going to do today, that
4 it's not going to raise rates once it takes
5 over the Company. I think you have to take a
6 longer view.

7 And I believe that, if Eversource
8 acquires Aquarion Water, in the long term, it
9 will have an adverse effect on the ratepayers,
10 on the water ratepayers of the Town of Hampton,
11 North Hampton, and Rye.

12 CHAIRMAN HONIGBERG: If this was --

13 REP. CUSHING: And I believe because
14 -- oh, excuse me.

15 CHAIRMAN HONIGBERG: No, go ahead.

16 REP. CUSHING: You know, I believe
17 it's the nature that, you know, of this, you
18 know, the capitalization of this. Someone's
19 going to have to pay for it. They're going to
20 have to pay for the acquisition. And I believe
21 they're going to come and seek -- this is a
22 company that has no prior experience in
23 operating a water utility. You know, it seems
24 to want to make the people of Hampton and North

1 Hampton and Rye is the ginny-pigs, as it
2 decides whether or not it's going to do the
3 same kind of operation for water companies that
4 it seems to have done to transmission and
5 distribution companies. I don't think it's in
6 the interest of the ratepayers of Hampton,
7 North Hampton, and Rye to have to be the
8 ginny-pigs on this.

9 They have made representations that
10 they, you know, that they're going to leave in
11 place that I'm not sure that that's going to be
12 settled for the future.

13 CHAIRMAN HONIGBERG: Okay. Does
14 anyone have anything else they want to say
15 about this?

16 *[No verbal response.]*

17 CHAIRMAN HONIGBERG: Mr. Bersak, in
18 your view, what should we do next?

19 MR. BERSAK: I believe follow the
20 law.

21 CHAIRMAN HONIGBERG: That's a good
22 start. I think --

23 MR. BERSAK: That's it.

24 CHAIRMAN HONIGBERG: I'm fairly

1 certain you could get a stipulation from all
2 counsel and parties that we should "follow the
3 law".

4 MR. BERSAK: Yes. I mean, I
5 understand that Representative Cushing does not
6 appear to like the law. But I think 369:8 is
7 clear. The Legislature made a decision that,
8 for certain kinds of transactions, one of which
9 is the transaction that Eversource has proposed
10 to Aquarion, that, if the companies make an
11 appropriate representation within the time
12 limit that there will -- the transaction will
13 not have an adverse effect on rates, terms,
14 service, or operation of the public utility
15 within the state, that the approval of the
16 Commission shall not be required.

17 There is no evidence. I understand
18 that Representative Cushing doesn't like the
19 transaction. But that's not record evidence.
20 There's nothing the Commission can rely on and
21 say that "based upon the personal preferences
22 of one State Representative, we're not going to
23 follow this statute."

24 I think that we've met it. And I

1 think it's appropriate for the Commission to
2 make the determination that there is no finding
3 of adverse effect, and, therefore, the
4 transaction may proceed, you know, without any
5 further Commission approval.

6 CHAIRMAN HONIGBERG: Mr. Clifford,
7 Staff -- I know Staff's general position. But
8 in response to what you've heard so far in this
9 hearing?

10 MR. CLIFFORD: Sure. Again, as Mr.
11 Bersak said, and with all due respect to
12 Representative Cushing, I would say that the
13 issue is "adverse effect". And there's been no
14 demonstrated adverse effect that Staff is aware
15 of with respect to the occurrence of this
16 transaction.

17 For example, I can generally say that
18 raising taxes would have an "adverse effect on
19 production", and you probably would all
20 generally agree with that. If you raise taxes,
21 you probably get lower output.

22 But we're looking at a transaction.
23 You're talking about swapping A for B, and we
24 don't see any "adverse effect" as a result of a

1 change from Macquarie Holdings at the top to an
2 Eversource. Obviously, things could change
3 down the road, in the distant future, but we
4 all don't have crystal balls.

5 But, based on our review of the
6 information provided and the information
7 required under the terms of the RSA, we don't
8 see any "adverse effect" as a result of this
9 transaction.

10 CHAIRMAN HONIGBERG: Well, you
11 mentioned that "things may change in the
12 future". But rates don't change without going
13 through the Commission, correct?

14 MR. CLIFFORD: That's true. And all
15 I'm saying, everything changes in the future.
16 Certainly, there may be an effect on rates
17 somewhere out in the future. We have no idea
18 what the future is going to hold.

19 But, as a result of this specific
20 transaction, if you put Eversource in place of
21 Macquarie Holdings, we don't see any adverse
22 effect on rates, terms of service, or otherwise
23 in the operation of the Company, based on all
24 the representations made to Staff as of the

1 date hereof.

2 CMSR. BAILEY: Could somebody confirm
3 to me that the acquisition premium will not be
4 put in rates?

5 MR. BERSAK: We can confirm that.
6 Let's see if one of the things I had marked
7 deals with that.

8 We have two things I think in -- I'm
9 going to take a look at the Petition here. If
10 you look on Page 11 of the Petition, in
11 Paragraph 20, Subparagraph (d), "The Joint
12 Petitioners do not propose to record an
13 acquisition premium on the books of account of
14 Aquarion-New Hampshire as a result of the
15 transaction. Eversource would propose to
16 recover transition costs" -- "transaction
17 costs", I should say, "only to the extent of
18 savings resulting from the acquisition as shown
19 in a future rate case."

20 So, as far as the acquisition
21 premium, it's not going to appear. It's not
22 going to be recovered from customers.

23 There is a data request response,
24 too. But, since you don't have it, I won't

1 refer to that. I will just refer to the
2 Petition that you do have.

3 CMSR. BAILEY: And, obviously, it
4 won't be reflected in any of PSNH'S customers'
5 rates either?

6 MR. BERSAK: No. There is no
7 connection between the bookkeeping of
8 Eversource New Hampshire -- or, I should say
9 PSNH and Aquarion Water of New Hampshire. So,
10 you're correct in your supposition.

11 CMSR. BAILEY: Thank you.

12 CMSR. GIAIMO: While you have the
13 Petition out, the prior page says "no
14 substantial changes to current employee
15 levels". Maybe you can expand upon that?

16 MR. BERSAK: I believe that that was
17 discussed perhaps during the opening statements
18 that we made during the prehearing conference.
19 But it's the Company's view that there is, at
20 this point, no consideration of changing the
21 staffing levels of Aquarion-New Hampshire.

22 CMSR. GIAIMO: Okay. Thank you.

23 CHAIRMAN HONIGBERG: Is there a
24 witness or someone who would testify to

1 potential adverse effects?

2 *[No verbal response.]*

3 CHAIRMAN HONIGBERG: Is there -- what
4 else then can we do today, before we adjourn to
5 consider the arguments? Is there anything?

6 *[No verbal response.]*

7 CHAIRMAN HONIGBERG: All right. We
8 will take this matter under advisement and
9 issue a decision as quickly as we can.

10 MR. BERSAK: Thank you.

11 ***(Whereupon the hearing was***
12 ***adjourned at 2:05 p.m.)***

13

14

15

16

17

18

19

20

21

22

23

24