

1 **STATE OF NEW HAMPSHIRE**
2 **PUBLIC UTILITIES COMMISSION**

3
4 **May 28, 2021 - 1:37 p.m.**

5
6 *[Remote Hearing conducted via Webex]*

7
8 **RE: DW 20-117**
9 **HAMPSTEAD AREA WATER COMPANY, INC.:**
10 **Request for Change in Rates.**
11 ***(Hearing regarding Temporary Rates)***

12 **PRESENT:** Chairwoman Dianne H. Martin, Presiding
13 Commissioner Kathryn M. Bailey
14 Commissioner Daniel C. Goldner

15 Doreen Borden, Clerk
16 Corrine Lemay, PUC Remote Hearing Host

17 **APPEARANCES: Reptg. Hampstead Area Water Company:**
18 Anthony S. Augeri, Esq.

19 **Reptg. Residential Ratepayers:**
20 Christa B. Shute, Esq.
21 Pradip Chattopadhyay, Asst. Cons. Adv.
22 Al-Azad Iqbal, Finance Director
23 Office of Consumer Advocate

24 **Reptg. PUC Staff:**
 Christopher R. Tuomala, Esq.
 Anthony Leone, Gas & Water Division

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

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 STEPHEN P. ST. CYR
 ANTHONY LEONE
 (Added @Page 31) **John Sullivan**

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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	Settlement Agreement - Temporary Rates	<i>premarked</i>
2	Commission Staff's Supporting Schedules, consisting of Schedules 1, 2, 2a, 3, 3a, 3b, 4, 4a, 4b, 5, 6, and 7 <i>(Total of 12 pages)</i>	<i>premarked</i>

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P R O C E E D I N G

CHAIRWOMAN MARTIN: We're here this afternoon in Docket DW 20-117 for a hearing regarding the Hampstead Area Water Company, Incorporated, Request for Temporary Rates.

We have to make the necessary findings because this is a remote hearing.

As Chairwoman of the Public Utilities Commission, I find that due to the State of Emergency declared by the Governor as a result of the COVID-19 pandemic, and in accordance with the Governor's Emergency Order 2020-04, this public body is authorized to meet electronically. Please note that there is no physical location to observe and listen contemporaneously to this hearing, which was authorized pursuant to the Governor's Emergency Order.

However, in accordance with the Emergency Order, I am confirming that we are utilizing Webex for this electronic hearing. All members of the Commission have the ability to communicate contemporaneously during this hearing, and the public has access to contemporaneously listen and, if necessary,

1 participate.

2 We previously gave notice to the public
3 of the necessary information for accessing the
4 hearing in the Order of Notice. If anyone has a
5 problem during the hearing, please call
6 (603)271-2431. In the event the public is unable
7 to access the hearing, the hearing will be
8 adjourned and rescheduled.

9 Okay. We also have to take a roll call
10 attendance of the Commission. When each
11 Commissioner identifies him or herself, please
12 also state if anyone else is with you and
13 identify them.

14 Commissioner Bailey.

15 COMMISSIONER BAILEY: Good afternoon,
16 everyone. Kathryn Bailey, Commissioner at the
17 PUC. And I am alone.

18 CHAIRWOMAN MARTIN: Thank you. And
19 Commissioner Goldner.

20 COMMISSIONER GOLDNER: Hello, everyone.
21 This is Dan Goldner, Commissioner at the PUC.
22 And I am alone.

23 CHAIRWOMAN MARTIN: Okay. Thank you.
24 And I do want to recognize that this is

1 Commissioner Goldner's first formal hearing with
2 the Public Utilities Commission.

3 Okay. Let's take appearances, starting
4 with HAWC please. Mr. Augeri.

5 MR. AUGERI: Thank you, Madam
6 Chairwoman. My spacebar seemed to be failing me.

7 I am Attorney Augeri, on behalf of the
8 Hampstead Area Water Company. With me today is
9 Charlie Lanza, the General Manager of the
10 Company; John Sullivan, to the extent he's
11 necessary, he is the Controller of the Company;
12 and also Stephen St. Cyr, who is the outside
13 consultant retained by the Company for this rate
14 matter.

15 Thank you.

16 CHAIRWOMAN MARTIN: Okay. Thank you.
17 And for the OCA?

18 MS. SHUTE: Thank you, Chairwoman
19 Martin. My name is Christa Shute. I am the
20 Staff Attorney for the Office of the Consumer
21 Advocate, here on behalf of residential
22 customers. I'd like to introduce my two
23 colleagues: Dr. Pradip Chattopadhyay is an
24 economist and the OCA's Assistant Consumer

1 Advocate, and Iqbal Al-Azad, who has recently
2 joined the OCA as our Director of Finance, after
3 fourteen years with the Public Utilities
4 Commission as a utility analyst.

5 And, if I could, I'd also just like to
6 take a moment to welcome Commissioner Goldner.
7 We really look forward to your tenure at the
8 Public Utilities Commission.

9 COMMISSIONER GOLDNER: Thank you.

10 MS. SHUTE: Thank you. With that, let
11 me just say that, while my colleagues are
12 available should the Commission have any
13 questions on the Settlement Agreement for
14 Temporary Rates, they won't be providing
15 testimony today, and they can be dropped back to
16 the attendee pool to make it easier for everyone.

17 CHAIRWOMAN MARTIN: Thank you. I
18 appreciate that.

19 Okay. And Mr. Tuomala.

20 MR. TUOMALA: Thank you. Good
21 afternoon, Madam Chairwoman and Commissioners.

22 My name is Christopher Tuomala. I am
23 the attorney representing the Staff of the Public
24 Utilities Commission here today. With me on

1 camera is Anthony Leone, an Analyst with the
2 Gas/Water Division at the New Hampshire Public
3 Utilities Commission.

4 Thank you.

5 CHAIRWOMAN MARTIN: Thank you. And do
6 we have any intervenors here with us today?

7 MR. TUOMALA: Madam Chairwoman, if I
8 may? There is at least one intervenor or member
9 of one of the intervenor groups in the attendee
10 pool. But the Web Moderator went through the
11 attendee list and asked each individual if they
12 wanted to speak today, and nobody agreed to
13 appear on camera. They all said that they would
14 attend as attendees. And, so, there are no
15 intervenors at this point in attendance who wish
16 to speak on camera.

17 CHAIRWOMAN MARTIN: Thank you. I
18 appreciate that.

19 Okay. So, preliminary matters. I just
20 have the Exhibits 1 and 2 prefiled and premarked
21 for identification.

22 Is there anything else we need to
23 cover, before we hear from the witnesses?

24 MR. TUOMALA: No, Madam Chairwoman.

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 Not from Staff.

2 MR. AUGERI: I don't believe so. And
3 none from the Company, Madam Chairwoman.

4 MS. SHUTE: Not from OCA.

5 CHAIRWOMAN MARTIN: Thank you.

6 Mr. Patnaude, if you could swear in the
7 witnesses.

8 (Whereupon **Stephen P. St. Cyr,**
9 **Charlie Lanza,** and **Anthony Leone** were
10 duly sworn by the Court Reporter.)

11 CHAIRWOMAN MARTIN: Okay. Thank you.
12 And how are we proceeding with the witnesses
13 today?

14 MR. TUOMALA: Madam Chairwoman, if I
15 may? We were going to proceed as a panel. And,
16 in discussion with counsel for Hampstead Area
17 Water Company, we were going to go through the
18 preliminary foundational questions first of each
19 witness, HAWC going first with his two witnesses
20 and then with Anthony, and then back to Hampstead
21 to discuss the substantive questions for
22 witnesses, and then back to Staff that way. If
23 that's acceptable for the Commission?

24 CHAIRWOMAN MARTIN: That sounds great.

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 Thank you. Go ahead.

2 MR. AUGERI: Thank you, Madam
3 Chairwoman, for the Company. I was also going to
4 summarize how we got here very briefly, if it
5 would benefit the Commission, and then go right
6 to the preliminary background of the witnesses.

7 The Company filed for temp. and
8 permanent rates for proposed tariff changes.
9 This is based on a 2019 test year, in which the
10 submissions by the Company show a revenue
11 deficiency. The parties agreed, at the
12 establishment of the procedural schedule, to
13 essentially bifurcate the matters of temporary
14 rates from the permanent rates, which was done.

15 There were two notices to the
16 ratepayers of these proceedings; one according to
17 the suspension of the tariff and a second that
18 was accomplished. The parties proceeded with the
19 temporary rate procedural schedule, which
20 included the propounding of data requests that
21 were responded to; technical sessions, which
22 there were two additional technical sessions
23 provided in the temporary rate piece part of the
24 case, excuse me, to allow for intervenors to

{DW 20-117} [RE: Temporary Rates] {05-28-21}

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 participate in that part of the process. After
2 completing the temporary procedural schedules,
3 the Settling Parties had reached a Settlement,
4 which is before the Commission right now, on
5 Temporary Rates. And those are contained in
6 exhibits -- premarked Exhibits 1 and 2.

7 So, that's kind of the background of
8 how we got here, Madam Chairwoman and
9 Commission.

10 Now, I would like to introduce our
11 first witness, and go through that, Mr. Charlie
12 Lanza, who is the -- for that.

13 **CHARLIE LANZA, SWORN**

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

15 **DIRECT EXAMINATION**

16 BY MR. AUGERI:

17 Q So, Mr. Lanza, if you could, for the record,
18 please state your name and position with the
19 Company?

20 A (Lanza) My name is Charlie Lanza. And my
21 position is General Manager with the Company.

22 Q And if you could just very briefly provide an
23 overview of your involvement with the rate
24 proceeding?

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 A (Lanza) Yes. I was involved with providing
2 testimony in support of the rate adjustment.

3 Q Okay. And your area of expertise, if you would,
4 for this?

5 A (Lanza) I handle the general day-to-day
6 operations of the Company, overseeing all
7 operations and management.

8 Q All right. Thank you. And now, for introduction
9 of our second witness, Stephen P. St. Cyr,
10 Mr. St. Cyr, if you could just, for the record,
11 state your name and business for the record?

12 A (St. Cyr) My name is Stephen P. St. Cyr, and I'm
13 the owner and operator of Stephen P. St. Cyr &
14 Associates.

15 Q Okay. And what is your area of expertise,
16 Mr. St. Cyr?

17 A (St. Cyr) The area of expertise is accounting,
18 tax, management, and regulatory matters.

19 Q All right. Thank you. And, very briefly, if you
20 could explain your involvement with the rate
21 proceeding to date?

22 A (St. Cyr) So, I was involved in the preparation
23 of both the temporary and permanent rate
24 schedules, and the testimony supporting those

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 schedules, and also provided some oversight with
2 the preparation of the filing itself.

3 Q And are you familiar with the exhibits that have
4 been premarked for this hearing?

5 A (St. Cyr) Yes, I am.

6 Q Thank you. Mr. Lanza, the same question to you,
7 are you familiar with both of the exhibits that
8 have been premarked for this hearing?

9 A (Lanza) Yes, I am.

10 MR. AUGERI: All right. Thank you.
11 Attorney Tuomala, if you wanted to start with
12 your preliminary examination of your witness.

13 MR. TUOMALA: Thank you.

14 **ANTHONY LEONE, SWORN**

15 **DIRECT EXAMINATION**

16 BY MR. TUOMALA:

17 Q Mr. Leone, good afternoon. And could you please
18 state your full name for the record?

19 A (Leone) Yes. My name is Anthony Leone.

20 Q And, Mr. Leone, by whom are you employed?

21 A (Leone) I'm employed by the New Hampshire Public
22 Utilities Commission.

23 Q And what is your position at the Public Utilities
24 Commission?

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 A (Leone) My position at the PUC is I'm a Utility
2 Analyst in the Gas and Water Division.

3 Q And, as an analyst in the Gas/Water Division,
4 could you briefly describe your responsibilities?

5 A (Leone) Yes. Among other duties, I review
6 company filings, I conduct discovery, and, when
7 appropriate, I issue a recommendation or take
8 part in settlement discussions.

9 Q And my last preliminary question for you is have
10 you testified before the Commission?

11 A (Leone) No, I have not.

12 MR. TUOMALA: Thank you, Mr. Leone. I
13 would turn back to Attorney Augeri.

14 MR. AUGERI: Thank you, Attorney
15 Tuomala.

16 BY MR. AUGERI:

17 Q Mr. Lanza, did the Company notify customers of
18 the proceeding?

19 A (Lanza) Yes. The customers were notified on its
20 website December 18th, 2020, pursuant to Order
21 Number 26,437. In addition, we also sent the
22 order by mail and email on March 5th, 2021, also
23 pursuant to the same order.

24 Q And that second notice, can you just briefly

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 describe why that was done?

2 A (Lanza) Yes. As I mentioned, the first notice
3 that was placed on the website was done pursuant
4 to the order [*indecipherable audio*] on the rate.
5 And it was later --

6 *[Court reporter interruption due to*
7 *audio issues.]*

8 **CONTINUED BY THE WITNESS:**

9 A (Lanza) So, I believe where I left off was, at a
10 technical session, technical hearing, it was
11 brought to our attention by the OCA that they
12 thought that there was a rule that required that
13 all customers be notified directly, to which we
14 followed up with the Commission and -- or, I'm
15 sorry, the Staff and the OCA, and they were --
16 the OCA was, in fact, correct. So, we agreed to
17 some additional --

18 CHAIRWOMAN MARTIN: Mr. Lanza?

19 Mr. Lanza, I apologize.

20 WITNESS LANZA: Yup.

21 CHAIRWOMAN MARTIN: Can you just speak
22 slowly? It sounds like there's actually a
23 bandwidth issue on your side. So, it would help
24 if you could speak a little more slowly.

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 WITNESS LANZA: Sure.

2 MS. LEMAY: And it could also be the
3 microphone.

4 WITNESS LANZA: All right. Let me try
5 one more time.

6 **CONTINUED BY THE WITNESS:**

7 A (Lanza) So, the customers were noticed a second
8 time, after discussion with the Staff and OCA at
9 a tech session. After the session, we researched
10 the rules, and found that, in fact, the customers
11 were to be notified directly. At that time, we
12 notified the customers and provided additional
13 time for other or additional intervenors to join
14 the case.

15 BY MR. AUGERI:

16 Q Okay. Thank you. With respect to the billing of
17 customers, how often is that accomplished?

18 A (Lanza) Monthly.

19 Q Okay. I'm going to direct your attention now to
20 what has been premarked as "Exhibit 1", which is
21 the Settlement Agreement. Are you familiar --
22 well, let me take a step back. Did you
23 participate in the settlement discussions between
24 the parties in this matter?

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 A (Lanza) Yes.

2 Q And are you familiar with the terms that are
3 contained in the Settlement Agreement for
4 Temporary Rates that has been marked as "Exhibit
5 1"?

6 A (Lanza) I am.

7 Q And are those terms that are in that Agreement a
8 compromise from what the Company originally
9 sought in its rate filing with regard to
10 temporary rates?

11 A (Lanza) Yes.

12 Q And do you believe the temporary rates that the
13 parties have agreed to will be sufficient to
14 yield not less than a reasonable return on the
15 Company's costs of its properties used and useful
16 in the public service?

17 A (Lanza) Yes, I believe so.

18 Q Sitting here today, are you aware of any material
19 changes or corrections that need to be made to
20 the Settlement Agreement that has been marked as
21 "Exhibit 1"?

22 A (Lanza) No.

23 Q And do you have an opinion as to whether the
24 temporary rates will be just and reasonable, if

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 they are approved by the Commission?

2 A (Lanza) Yes. I believe setting the temporary
3 rates contained in the Settlement Agreement are
4 just and reasonable.

5 Q Okay. Thank you. Mr. St. Cyr, I'm going to turn
6 to you. Were you involved with the settlement
7 discussions in this matter with regard to
8 temporary rates?

9 A (St. Cyr) Yes.

10 Q I'm sorry. And are you familiar with the rate
11 filing in this docket by the Company?

12 A (St. Cyr) Yes.

13 Q And did you provide testimony in support of the
14 need for temporary rates?

15 A (St. Cyr) I did.

16 Q And are you familiar with the terms of the
17 Settlement Agreement on Temporary Rates that has
18 been marked as "Exhibit 1"?

19 A (St. Cyr) Yes, I am.

20 Q And are you aware of any material changes or
21 corrections that need to be made to that
22 Settlement Agreement that has been marked as
23 "Exhibit 1"?

24 A (St. Cyr) No.

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 Q In regard -- I'm going to turn your attention now
2 to Exhibit 2 very briefly, and then allow
3 Attorney Tuomala to expand on that. Are you
4 familiar with what has been marked is "Exhibit
5 2", which represents the schedules of the Staff
6 of the Commission in support of the Settlement
7 Agreement for Temporary Rates?

8 A (St. Cyr) I am. These are the revenue
9 requirement schedules for the temporary rates.

10 MR. AUGERI: Okay. So, at this point,
11 Attorney Tuomala, I think I will turn to you,
12 since we'll now be delving into Exhibit 2.

13 MR. TUOMALA: Okay. Thank you,
14 Attorney Augeri.

15 BY MR. TUOMALA:

16 Q To backtrack a bit, I turn to you, Mr. Leone.
17 And could you please describe your involvement in
18 this docket first?

19 A (Leone) Yes. So, for this docket, I examined the
20 Company's rate filing, in conjunction with the
21 Company's books and records previously on file at
22 the Commission. I participated in the discovery
23 process, that is formulated data requests, and
24 reviewed the Company's responses. I participated

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 in tech sessions and settlement conferences,
2 leading up to the Settlement Agreement that is
3 presented today.

4 Q I would like you to take a look at what Attorney
5 Augeri had mentioned, it's Exhibit Number 1,
6 which is the Settlement Agreement. Do you have
7 that document in front of you, Mr. Leone?

8 A (Leone) I do.

9 Q And you can identify this document as the
10 Settlement Agreement?

11 A (Leone) Yes, I can.

12 Q And did you assist in the preparation of this
13 document?

14 A (Leone) Yes, I did.

15 Q Do you have any revisions you would like to make
16 or corrections to Exhibit Number 1?

17 A (Leone) No, I do not.

18 Q And, lastly, about the exhibit itself, is there
19 any information -- the information contained in
20 this exhibit, is it true and accurate to the best
21 of your knowledge?

22 A (Leone) Yes, it is.

23 Q Okay. Thank you for that. Now, if we could
24 specifically go to Bates Page 003 of Exhibit

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 Number 1. Can you speak to what's titled Section
2 II, Subsection A, labeled "Temporary Rate
3 Increase"? And, specifically with that, I mean
4 could you go through that information, briefly
5 describe why that was included, and discuss the
6 steps that Staff undertook in its examination to
7 come to the outcome in Section II, Subsection A?

8 A (Leone) Certainly. So, Subsection A explains
9 that, based upon the books and records on file at
10 the Commission for 2019, Staff determined the
11 Company's overall rate of return was 1.46
12 percent, which was below the last authorized rate
13 of return or its weighted average cost of capital
14 of 6.35 percent that was authorized in DW 17-118.

15 After conducting discovery and
16 examining the books and records on file at the
17 Commission, Staff concluded that the Company is
18 entitled to temporary rates, which resulted in
19 the increase of 12.31 percent, or the \$248,960 to
20 its water -- to its 2019 water revenues.

21 Q Okay. And if I could turn your attention now to
22 the schedules submitted, as referred to as
23 "Exhibit Number 2", do you have that document in
24 front of you, Mr. Leone?

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 A (Leone) Yes. I do.

2 Q And you can identify it as the schedules that
3 have been mentioned previously?

4 A (Leone) Yes.

5 Q And did you assist in the preparation or actually
6 prepare these documents?

7 A (Leone) Yes.

8 Q Do you wish to make any corrections or revisions
9 to Exhibit Number 2?

10 A (Leone) No. I do not.

11 Q And, lastly, the information contained in Exhibit
12 Number 2, is it true and accurate to the best of
13 your knowledge?

14 A (Leone) Yes, it is.

15 Q Okay. And, if I may, could you describe, in a
16 high level, what exactly Exhibit Number 2
17 consists of?

18 A (Leone) So, Exhibit 2 is the schedules and the
19 supporting figures and calculations used by Staff
20 to arrive at the proposed temporary revenue
21 increase. Which, as a base, was based upon the
22 Company's books and records on file at the end of
23 2019.

24 Q Okay. So, to summarize, Staff determined that

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 the Company was underearning based on its 2019
2 test year and the books and records on file with
3 the Commission?

4 A (Leone) That is correct.

5 Q And thus, the Company is entitled to a temporary
6 revenue increase?

7 A (Leone) Yes. So, according to RSA 378:27, which
8 states that temporary rates may be set
9 "sufficient to yield not less than a reasonable
10 return on the cost of the property of the utility
11 used and useful in the public service less
12 accrued depreciation, as shown by the reports on
13 file" -- "of the utility on file with the
14 Commission."

15 Q And does Staff agree that the temporary rates
16 resulting from this increase and that those rates
17 are just and reasonable?

18 A (Leone) Yes, Staff does.

19 Q And are you aware that also in Exhibit Number 1,
20 the Settlement Agreement, it states that
21 temporary rates are subject to reconciliation
22 pursuant to RSA 378:29, effective June 30th,
23 2021, or the date of a Commission order on
24 temporary rates, whichever is earliest?

{DW 20-117} [RE: Temporary Rates] {05-28-21}

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 A (Leone) Yes.

2 Q And does Staff agree that that effective date
3 proposed is appropriate in this proceeding?

4 A (Leone) Yes.

5 Q Could you further expand on why that is?

6 A (Leone) Yes. So, typically, utilities involved
7 in a temporary rate increase request are not
8 granted a possible rate increase until after the
9 issuance of a Commission order. However, in this
10 case, the "earlier of the two dates" provision is
11 the result of the settlement, and providing the
12 Company with some assurance that the effective
13 date will be relatively soon after the hearing.
14 It is Staff's opinion that it is fair to both the
15 ratepayers and the Company, which is
16 underearning, to propose the maximum effective
17 date of June 30th, given the length of this
18 proceeding, which has been substantively underway
19 since late November of last year.

20 Q Could you compare the proposed temporary revenue
21 increase recommended in the Settlement Agreement
22 for Commission approval with that -- with the
23 temporary increase proposed by the Company in its
24 initial rate filing?

{DW 20-117} [RE: Temporary Rates] {05-28-21}

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 A (Leone) Yes. If you could turn to Exhibit 2,
2 Bates Page 007, this will be labeled "Schedule
3 4". And, under Column (2), the Company's *pro*
4 *forma* adjustment of "\$301,059" is what the
5 Company filed as a temporary revenue increase.
6 The Settlement Agreement, however, recommends a
7 temporary revenue increase of only \$248,960,
8 which is a difference of "\$52,099", which you can
9 see in Column (7).

10 Q So, in other words, the Settlement Agreement
11 recommends a lower temporary rate increase in
12 water revenues than the one that was originally
13 requested by the Company?

14 A (Leone) Yes. Yes, that is correct. And I can
15 point to in Exhibit 2, if you'd like me to,
16 that's on Bates Page 001, Schedule 1. The third
17 line from the bottom lists the temporary rate
18 increase of "\$248,960".

19 Q And does Staff support the rates that result from
20 this \$248,960 revenue increase?

21 A (Leone) Staff does support those rates. Those
22 rates are in Exhibit 1, on Bates Page 004. I'm
23 not going to go through those rates, but I will
24 mention that the increase in rates does reach to

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 the volumetric charge, the fixed charge, and as
2 well as the municipal fire protection and the
3 private fire protection charges. So, basically,
4 all rates are affected by the increase.

5 Q Thank you for that. Did Staff calculate what the
6 impact on the average residential customer would
7 be, given this proposed temporary rate increase?

8 A (Leone) Yes. So, on Exhibit 2, Bates Page 012,
9 which is the last page, on the lower portion of
10 the sheet, the monthly impact is in the black
11 box, approximately "\$4.24" per month.

12 Q So, just to make sure I have it clear for the
13 record. The proposed temporary rate increase
14 would result in a \$4.24 increase on the average
15 residential customer's bill?

16 A (Leone) That is correct. Yes.

17 Q Okay. And, so, again for the record, to sum up,
18 do you recommend that the Commission approve the
19 Settlement Agreement for Temporary Rates, and
20 that that approval will set just and reasonable
21 rates for HAWC's ratepayers?

22 A (Leone) Yes.

23 Q Is there anything else you would like to discuss
24 or highlight for the Commission today?

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 A (Leone) No. No, there is not.

2 Q Does that conclude your testimony?

3 A (Leone) It does, yes.

4 MR. TUOMALA: Okay. Thank you very
5 much, Mr. Leone.

6 Madam Chairwoman, that's all that I
7 have for direct examination of my witness.

8 CHAIRWOMAN MARTIN: Okay. Thank you.
9 And, Mr. Augeri, are you finished with direct?

10 MR. AUGERI: I just have a little bit
11 more to wrap up, Madam Chairwoman, if I may. And
12 I will return to Mr. Lanza.

13 BY MR. AUGERI:

14 Q Do you have anything to add to the testimony of
15 Mr. Leone, with respect to either Exhibit 1 or
16 Exhibit 2 that have been premarked for this
17 hearing?

18 A (Lanza) I do not.

19 Q And, with respect to Exhibit 2, are you
20 familiar -- were you familiar with that exhibit
21 prior to today's hearing?

22 A (Lanza) Yes, I was.

23 Q And are you aware of any material changes or
24 corrections that would need to be made to that

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 Exhibit 2?

2 A (Lanza) I'm not.

3 Q So, to sum up your testimony with what has been
4 presented today, do you have a opinion as to
5 whether the temporary rates will be just and
6 reasonable, if approved by the Commission?

7 A (Lanza) Yes. I believe the temporary rates
8 contained in the Settlement Agreement are just
9 and reasonable.

10 Q Thank you very much. Turning to Mr. St. Cyr, do
11 you have anything to add to Mr. Leone's testimony
12 with regard to what was presented as Exhibit 2?

13 A (St. Cyr) I do not.

14 Q All right. Do you believe that the temporary
15 rates that the parties agreed to would be
16 sufficient for the Company to yield not less than
17 a reasonable turn on its property and usefulness
18 to the public service?

19 A (St. Cyr) I do believe that, yes.

20 Q And are you aware of, with respect to either
21 Exhibit 1 or Exhibit 2, any material changes or
22 corrections that need to be made to either of
23 those exhibits?

24 A (St. Cyr) I'm not aware of any changes needed to

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 be made.

2 Q Okay. And, in summary of your testimony, do you
3 have an opinion as to whether the temporary rates
4 that have been proposed in Exhibits 1 and 2 will
5 be just and reasonable, if they are approved by
6 the Commission?

7 A (St. Cyr) I do believe they will be just and
8 reasonable.

9 MR. AUGERI: Very much -- thank you
10 very much. Madam Chairwoman, I have no further
11 questions of the panel.

12 CHAIRWOMAN MARTIN: Okay. Thank you.
13 Ms. Shute, do you have any cross-examination?

14 MS. SHUTE: I do not have any
15 cross-examination. Thank you very much.

16 CHAIRWOMAN MARTIN: Okay. Commissioner
17 Bailey.

18 COMMISSIONER BAILEY: Thank you.

19 BY COMMISSIONER BAILEY:

20 Q Mr. Lanza, how many customers do you have in this
21 company?

22 A (Lanza) There's approximately 3,900 customers.

23 Q Did you help Mr. Augeri with the cover letter to
24 the Petition?

[WITNESS PANEL: Lanza|St. Cyr|Leone]

1 A (Lanza) I was involved with the preparation of
2 the document.

3 Q So, in that Petition, it says you have "3,857
4 customers" in that cover letter. But, in the
5 Settlement Agreement, on Page 1, it says you have
6 "3,620 customers". And you just said you think
7 "about 3,900", which is consistent with the cover
8 letter, but not consistent with the Settlement
9 Agreement?

10 WITNESS LANZA: John, do you have those
11 numbers, if that's appropriate? John, do you
12 have those numbers available at your fingertips?

13 MR. SULLIVAN: Yes. This is John
14 Sullivan. I'm the Controller of the Company.
15 Just as of December 31st, 2019, there were 3,894
16 customers.

17 CHAIRWOMAN MARTIN: Excuse me,
18 Mr. Sullivan.

19 MR. SULLIVAN: Yes.

20 CHAIRWOMAN MARTIN: Could you pause for
21 a minute. Could we swear in Mr. Sullivan?

22 Mr. Augeri, if you intend to rely on
23 him, we should have him sworn in.

24 MR. AUGERI: Yes. Agreed.

[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 CHAIRWOMAN MARTIN: Mr. Patnaude, go
2 ahead. Mr. Patnaude, would you swear him in
3 please.

4 (Whereupon **John Sullivan** was duly sworn
5 by the Court Reporter and added as a
6 witness.)

7 **JOHN SULLIVAN, SWORN**

8 **BY THE WITNESS:**

9 A (Sullivan) Okay. So, as of December -- I'm not
10 sure where -- which numbers came where by date,
11 but, at December 31st, 2019, there were 3,894
12 customers. At December 31st of 2020, we had
13 3,994 customers.

14 BY COMMISSIONER BAILEY:

15 Q Okay. So, look at the Settlement Agreement, on
16 the bottom of Page 1. In Paragraph I, the second
17 line, it says there's "3,620 customers". So,
18 that seems like that's short by roughly 300
19 customers. Would you agree with that?

20 A (Sullivan) Let me -- give me a second, if you
21 would, just --

22 Q Mr. Lanza can answer the question.

23 A (Lanza) Yes. I would agree with that. It does
24 say "3,620" in the Settlement.

[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 Q And, if you base the Settlement on a customer
2 number that's lower than actual customers, what
3 happens to the rate?

4 A (Lanza) Steve, would you mind answering that?

5 A (St. Cyr) If you wouldn't mind just repeating the
6 question please?

7 Q Sure. If you look at the rates on Page 4 in the
8 Settlement Agreement, you have base charges which
9 are collected on a per customer basis, correct?

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

11 Q And, if you use a number that's lower than your
12 actual customer number, by like 300 customers,
13 isn't this rate higher than it should be to
14 collect the amount of money that you're
15 attempting to collect?

16 A (St. Cyr) So, the rates are developed from the
17 overall revenue requirement. In other words, the
18 Company has its test year revenues, and, based on
19 the Settlement, approximately 248,000 of
20 additional revenue would be added to the test
21 year revenue to get to the new revenue
22 requirement. And then, that revenue requirement
23 represented an overall increase of 12.31 percent,
24 and then the Company applied that to the base

[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 rates.

2 So, you know, it had, for example, in
3 the 5/8ths meter base rate, it was -- it had
4 previously been a \$10 charge, and it's now a
5 \$11.23 charge, a 12.31 percent increase over what
6 it was before. And then, once it collects that
7 amount from the number of customers, then the
8 difference is collected via the consumption
9 charge. So, the rates are designed to collect
10 the overall revenue requirement.

11 Q So, the customer count has nothing to do with how
12 you establish the rates, is that what you're
13 saying?

14 A (St. Cyr) So, the customer count does -- does
15 matter, and we collect the base charge based on
16 the number of customers, and then the difference
17 is collected via the consumption charge.

18 Q Well, I'm not sure I understand how that works.
19 Because it looks like you increased the base
20 charge by 12.3 percent, and did you increase the
21 consumption charge by 12.3 percent as well?

22 A (St. Cyr) So, we take the -- so, once the 12.31
23 percent is applied to the base charge, and then
24 we apply that to the various numbers of customers

[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 within each class, we then get essentially
2 revenue collected from the base charge. And
3 then, the difference between that amount and the
4 total revenue requirement is what's collected
5 from the consumption charge. And then, in order
6 to get to that specific rate, the Company looks
7 at the amount of consumption during the period
8 and devise the revenue remaining to be collected
9 from consumption over the consumption itself to
10 get to that rate.

11 Q Okay. And where is that rate in the Settlement?

12 A (St. Cyr) So, it's on Page 4 of the Settlement
13 Agreement. The consumption rate is 6.74, I
14 believe that's ccf. And that's an increase from
15 the current 6.11 percent [~~\$6.11?~~].

16 Q I'm not -- oh, I see. The consumption rate is
17 right next to the base charge. I apologize.
18 Okay. So, that's about a 10 percent increase in
19 the consumption charge rate?

20 A (St. Cyr) Roughly, yes.

21 Q Which is about 60 cents?

22 A (St. Cyr) A 10.3 percent increase on the
23 consumption rate.

24 Q Okay. Thank you.

[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 A (St. Cyr) You're welcome.

2 Q Did you file the 2020 Annual Report on behalf of
3 the Company, Mr. St. Cyr?

4 A (St. Cyr) So, the Company filed it, yes. I was
5 involved in its preparation.

6 Q Okay. And do you know what the rate of return
7 earned in 2020 was?

8 A (St. Cyr) I do not. I do not recall doing that
9 calculation. But we can certainly do that, if
10 that's helpful.

11 Q Mr. Leone, did you look at that?

12 A (Leone) I did not, Commissioner Bailey.

13 Q Okay. I would ask that you look at that and see
14 how much revenue they earned in 2020, and just
15 keep that in mind during the rate case. I know
16 that 2019 is the test year. But, you know, if
17 2019 showed an underearning, and 2020 showed a
18 good earning, then we would want to know that, I
19 think.

20 A (St. Cyr) Well, I can tell you that they earned
21 less in 2020 than they did in 2019. But we can
22 certainly get you that calculation.

23 Q Okay. No, that's fine. If you can tell me for
24 sure that they earned less in 2020 than they did

[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 in 2019, that's really what I want to know?

2 A (St. Cyr) If you give me a second, we'll pull out
3 the Annual Report and we'll give you the
4 specifics.

5 CHAIRWOMAN MARTIN: While Mr. St. Cyr
6 looks at that, Commissioner Bailey, if you don't
7 mind, I'd like to have Mr. Augeri, for the
8 record, identify Mr. Sullivan, as he jumped in
9 and was sworn in late.

10 MR. AUGERI: Certainly, Madam
11 Chairwoman. Be happy to.

12 **DIRECT EXAMINATION**

13 BY MR. AUGERI:

14 Q Mr. Sullivan, if you could state your name and
15 position with the Company for the record?

16 A (Sullivan) It's John Sullivan. I'm the
17 Controller of the Company.

18 Q And did you have involvement with the preparation
19 of the rate filings for the Company in this
20 matter?

21 A (Sullivan) Yes, I did.

22 Q And were you involved with the temporary rate
23 procedural schedule, including the data requests,
24 data request responses, and participation in the

[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 technical sessions?

2 A (Sullivan) Yes, I was involved.

3 Q And were you involved with the settlement
4 discussions that led to the two exhibits that
5 have been marked today as the Settlement
6 Agreement on Temporary Rates?

7 A (Sullivan) Yes.

8 MR. AUGERI: Okay. I have nothing
9 further for introduction for Mr. Sullivan at this
10 time, Madam Chairwoman.

11 CHAIRWOMAN MARTIN: Commissioner
12 Bailey, back to you.

13 BY COMMISSIONER BAILEY:

14 Q Go ahead.

15 A (St. Cyr) So, I guess, if I may? So, I'm looking
16 at the 2020 New Hampshire PUC Annual Report,
17 Schedule F2, "Statement of Income", the previous
18 year, which would be 2019, in the test year, the
19 Company's net loss was 51,967.

20 In the current year, the 2020, the net
21 loss was 19,674. So, it is an improvement over
22 the test year, but still a net loss.

23 Q Okay. Thank you. Can somebody explain to me how
24 you decided June 30th, "the earlier of June 30th,

[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 or a Commission order" should be the day that we
2 set the effective date of temporary rates? Why
3 did you decide on that?

4 MR. AUGERI: Commissioner Bailey, this
5 is Attorney Augeri. I can speak to that.

6 The idea was that the hearing, I
7 believe it was picked out at five weeks past,
8 when this hearing was originally going to take
9 place, but certainly to leave no later than
10 thirty more days, based on what Mr. Leone
11 testified to, that the rate case has been filed
12 and submitted since November of last year, so
13 there wouldn't be too, too much of a time lag.
14 But also recognizing that there would be -- there
15 would need to be a reasonable amount of time for
16 the Commission to make its findings on what is
17 presented today.

18 COMMISSIONER BAILEY: I don't think
19 you're understanding my question. Normally, we
20 set the effective date of temporary rates closer
21 to the date of the original filing, once
22 customers have had appropriate notice. And this
23 seems farther out than that to me. And I was
24 just wondering why that happened?

[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 MR. AUGERI: Oh. It was as part of the
2 settlement discussions that, between all of the
3 viewpoints for -- that were expressed, that it
4 was felt that a timeframe closer to either, you
5 know, at or near a time when the Commission would
6 establish temporary rates, if it so decides.
7 That was just ultimately decided by discussions
8 from the parties.

9 COMMISSIONER BAILEY: Mr. Tuomala.

10 MR. TUOMALA: Thank you, Commissioner
11 Bailey. If I could just expand on that a bit.

12 Typically, the effective date is set at
13 the date of customer notice, if the parties agree
14 to temporary rates at current rates. Since this
15 is a temporary rate increase that the parties are
16 agreeing to, typically, the effective date is the
17 date of an issuance of a Commission order. So,
18 it would be prospective with an increase.
19 Current -- temp. at current rates, it would be
20 customer notice. So, the customer notice date
21 wasn't on the table.

22 And, again, as Attorney Augeri had
23 mentioned, it was more of a product of
24 settlement, of fixating on the June 30th date, in

[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 light of the hearing date itself.

2 COMMISSIONER BAILEY: Okay. Thank you.

3 That's all the questions I have.

4 CHAIRWOMAN MARTIN: Okay. Commissioner
5 Goldner.

6 COMMISSIONER GOLDNER: Yes.

7 BY COMMISSIONER GOLDNER:

8 Q So, the first question is, understanding that the
9 test year was 2019, in 2020 did the Company
10 receive a PPP loan?

11 A (Sullivan) This is John Sullivan. I can answer
12 that. Yes, we did. It was approximately
13 \$90,000, in April.

14 Q That was in April. And how was that treated on
15 the financial statements or is that treated as a
16 loan or was it treated -- how was it treated?

17 A (Sullivan) It's currently on the books as a loan.
18 And we're actually in the process right now of
19 applying for forgiveness.

20 Q Okay. And, if that's forgiven, that would turn
21 the net loss in 2020 to a gain?

22 A (Sullivan) I believe it would be recorded in
23 income during the year. If it's forgiven, but it
24 would, and Steve St. Cyr could tell me if I'm

[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 wrong, but I believe it would go against income,
2 yes.

3 Q Thank you.

4 A (St. Cyr) And just --

5 Q Sorry.

6 A (St. Cyr) If I could just elaborate? Normally, a
7 loan forgiveness would be reflected as income.
8 So, it would be added to income. But it would
9 be, I guess, from the Company's perspective, it
10 would be viewed as a one-time occurrence, and
11 wouldn't be taken into consideration in the
12 establishment of rates going forward, because
13 it's not something that the Company could count
14 on going forward.

15 Q Okay. Thank you. In terms of the rate of return
16 in the test year, I understood that the rate of
17 return was 1.46 versus an approved rate of 6.35.
18 Did the Company consider any cost reduction
19 activities to make up for that difference, asset
20 sales? Was there anything relative to a cost
21 reduction that was considered?

22 A (Sullivan) This is John Sullivan. As part of our
23 regular operating procedures, we try to keep
24 costs as low as possible. Did we specifically

[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 look at things to do? Charlie can answer this
2 maybe better, but all of our procedures and fixed
3 assets, additions and disposals are reviewed
4 monthly. And I can honestly say, I don't believe
5 we could have reduced our operating expenses any
6 more than we have to effectively get to that
7 rate.

8 A (Lanza) I can -- if I may, I can elaborate on
9 that. Specifically, we did forego the
10 installation of generators. We've been trying to
11 outfit our satellite systems with on-site
12 generators. We try to do two per year. That was
13 one thing that we did, used as a cost-cutting
14 measure. We did not replace -- or, sorry, we did
15 not install any new generators last year.

16 In addition to that, partially due to
17 cost-cutting measures, but more so due to the
18 pandemic, we did not enter people's homes and do
19 meter change-outs, which is a fairly significant
20 cost to the Company each year.

21 Q Okay. Thank you, Mr. Lanza.

22 A (Lanza) You're welcome.

23 Q I wanted to ask also about the rate increase
24 methodology. I see that the rates are increasing

[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 from 6.11 to 6.83 per hundred cubic feet, for
2 customers using up to 400 cubic feet per month.
3 And then, for those using more than 400 cubic
4 feet per month, the rate goes from 6.11 to 10.24,
5 so a significantly higher increase.

6 Can you tell the Commission what logic
7 was used? Why the customers consuming more than
8 400 cubic feet per month were charged a much
9 higher rate?

10 A (Lanza) I could take a -- I can take a shot at
11 that, and John may be able to elaborate.

12 So, as part of this --

13 A (St. Cyr) Maybe, just before we begin, though, we
14 should point out that that's a matter for the
15 permanent rate proceeding. That that proposal
16 that you're referring to is something that the
17 Company has proposed for permanent rate purposes,
18 but is not taken into consideration for temporary
19 rate purposes.

20 But, with that, if, you know, you can
21 certainly ask, and Charlie and John can certainly
22 respond.

23 Q Understood. So, this is in preparation, I think,
24 for the permanent proceeding. So -- but, thank

[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 you. Agreed.

2 A (Lanza) Okay. So, the cost of service study was
3 done as part of the permanent rate case. And, in
4 doing that, working with the consultant, we came
5 up with the tiered rate system that you're
6 referring to.

7 The primary reason or reasons that we
8 are pursuing that approach is to try to limit the
9 rate shock to the people that use a small amount
10 of water. Our system is made up of a large
11 amount of fairly large homes, big lawns, and we
12 have customers that will use five and ten times
13 the amount of water in the summer than they would
14 in the winter. So, we're trying to keep the
15 costs lower on the customers that don't use a lot
16 of water, and transfer the cost to the folks
17 that -- that are watering their lawns and using a
18 substantially more amount of water.

19 With that said, the 4 ccf is something
20 that, with the cost of service expert and
21 ourselves at the Company, we landed on, to be
22 able to, we think, to provide the best -- the
23 best medium for the folks that use a small amount
24 of water to not have, you know, large rate

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[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 increases.

2 Q Thank you, sir.

3 CHAIRWOMAN MARTIN: Commissioner

4 Goldner?

5 COMMISSIONER GOLDNER: Yes.

6 CHAIRWOMAN MARTIN: Could I interject
7 for a moment? Ms. Shute had her hand up, and I
8 wanted to make sure she didn't have any kind of
9 objection?

10 MS. SHUTE: I just -- I do want to
11 reiterate that, while this is a Company proposal,
12 that it is definitely not anything that is in the
13 current proceeding, and will be looked at and
14 evaluated, and different proposals will certainly
15 be being put on the table. So, there will be a
16 lot that's put forward for the permanent rate
17 proceeding to address this issue as we get closer
18 to that time.

19 BY COMMISSIONER GOLDNER:

20 Q Okay. Just as a clarification. In the temporary
21 rate increase this summer, for those folks that
22 are using more than the 400 cubic feet on the
23 larger yards, will they this summer get charged
24 at 10.24, or is that only for the permanent

[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 increase?

2 A (Lanza) Only for the permanent.

3 Q Okay. Thank you. I also wanted to ask about
4 the -- one of the things that's highlighted in
5 the testimony is the million gallon water storage
6 that was installed recently. Is that -- is that
7 million gallon water storage fully utilized? Was
8 the sizing appropriate? Can someone comment on
9 the water storage size?

10 A (Lanza) Sure. Yes. The one million gallon
11 storage tank in Atkinson was --

12 *[Court reporter interruption due to*
13 *audio issues.]*

14 **CONTINUED BY THE WITNESS:**

15 A (Lanza) So, the tank was brought in operation in
16 May of 2020. And, since May of 2020, it has been
17 in service, and it has been operating as
18 designed. It's been very effective, allowing us
19 to be able to provide the same pressures across
20 the core system, and large, you know, demands,
21 like fire flows and flushing flows.

22 COMMISSIONER GOLDNER: Okay. May I
23 resume?

24 BY COMMISSIONER GOLDNER:

[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 Q You had mentioned before, sir, that you had
2 suspended meter replacement for cost savings.
3 Has that been resumed or is that still suspended?

4 A (Lanza) Well, right now, it is still on pause.
5 We are currently talking about slowly getting
6 back into it. At this point, we have not made a
7 decision. We're leaning towards "no". We fall
8 back and forth, to be honest. But I think we're
9 going to get back to the meter replacement
10 program in 2022.

11 Q Thank you. And my final questions are around
12 WICA. Which I know, again, are subject to the
13 permanent rate increase, and not the temporary,
14 but just in preparation for that discussion.

15 The meter technology that you would be
16 using, could you maybe describe for the
17 Commission the accuracy of the new meters versus
18 the current meters? If there's remote reading
19 capability, maybe just discuss the technology a
20 little bit of the metering?

21 A (Lanza) Sure. So, we use a Neptune product. And
22 the meters that we are currently purchasing have
23 a great amount of features that we find extremely
24 useful. They have leak detection built into

[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 them, so we can troubleshoot with a customer. We
2 have a -- kind of a how-to guide to show them how
3 to read the meter and detect leaks through that
4 technology.

5 In addition to that, the new meters
6 allow us to download 90 days of hourly usage,
7 which has been extremely helpful, and especially
8 in scenarios where customers don't think they
9 have leaks, and we're able to help them
10 troubleshoot and download that data and provide
11 them with, you know, with the information, to be
12 able to say "hey, there's something going on
13 here."

14 One other very useful feature is that
15 the new meters have a built-in antenna. The old
16 meters used to have a wire that went outside and
17 had to connect a box to the house. So, now we no
18 longer have to drill holes in people's houses or
19 foundations. We don't have to worry about that
20 wire breaking or disconnecting. So that --
21 that's very beneficial. And the radio read
22 technology and batteries have gotten
23 significantly better, so that, you know, we're
24 able to read meters, you know, more quickly

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[WITNESS PANEL: Lanza|St. Cyr|Leone|Sullivan]

1 driving by.

2 They do have additional functionality
3 that, you know, such as being able to read them
4 through telemetry and cellular, but we don't
5 currently take advantage of that.

6 Q Very good. So, it's like -- it has like an RF
7 transmitter on it?

8 A (Lanza) Correct. Yes. It's a radio frequency.

9 COMMISSIONER GOLDNER: Okay. Thank
10 you.

11 That's all my questions. Thank you,
12 Chairwoman.

13 CHAIRWOMAN MARTIN: Okay. Thank you.
14 And all of my questions have been answered.

15 I would like to just, since
16 Mr. Sullivan arrived late, just double-check with
17 Ms. Shute, as to whether she would have any
18 cross-examination for him?

19 MS. SHUTE: I do not. Thank you very
20 much.

21 CHAIRWOMAN MARTIN: Okay. And any
22 redirect?

23 MR. AUGERI: None for the Company,
24 Madam Chairwoman.

1 CHAIRWOMAN MARTIN: All right. Then,
2 anything else we need to do before we hear
3 closing arguments?

4 *(Atty. Tuomala indicating in the*
5 *negative.)*

6 CHAIRWOMAN MARTIN: Seeing none.
7 Without objection, I will strike ID on Exhibits 1
8 and 2 and admit them as full exhibits.

9 We will start the closing arguments
10 with Ms. Shute.

11 MS. SHUTE: Thank you very much.

12 The Office of the Consumer Advocate has
13 done a high-level review of this docket, and
14 recognizes that there is a need in this rate case
15 to provide relief prior to the implementation of
16 permanent rates. We support the overall
17 proposition for an increase in revenue of 12.31
18 percent through temporary rates, effective at the
19 end of June, or on the date of the Commission
20 order, if that occurs first. The effective date
21 was very much a part of the negotiations for the
22 OCA's agreement to the rate increase.

23 This Settlement provides the balance
24 between protecting ratepayers, instilling

1 gradualism, and ensuring that the Company has the
2 resources necessary to continue safe and
3 effective operations.

4 We look forward to continuing to work
5 with the Staff, intervenors, and the Company, to
6 delve deeper into the details of the rate case,
7 to determine what additional increase may be
8 warranted for permanent rates, and to evaluate
9 the rate mechanisms and rate structures.

10 The OCA asks the Commission to approve
11 the Settlement Agreement as just and reasonable.

12 Thank you.

13 CHAIRWOMAN MARTIN: Thank you,
14 Ms. Shute. And Mr. Tuomala.

15 MR. TUOMALA: Thank you, Madam
16 Chairwoman.

17 For the reasons outlined here in the
18 presentation today, Commission Staff supports a
19 temporary rate increase for Hampstead Area Water
20 Company, Incorporated, as described in testimony,
21 and also supported and outlined in the Settlement
22 Agreement presented for the Commission's
23 approval.

24 Staff and the Settling Parties support

1 that these rates be implemented on a
2 service-rendered basis, effective either the
3 issuance of the Commission order, or June 30,
4 2021, whichever is earliest.

5 The Commission Staff believes that it
6 is in the public interest, pursuant to RSA
7 378:27, to set temporary rates at the level
8 described until the particular issues in this
9 case, the permanent rate issues, can be fully
10 vetted. And that those temporary rates are
11 subject to recoupment with the final rates,
12 pursuant to RSA 378:29.

13 Staff would like to note that, while
14 this is not a global settlement, meaning that all
15 parties involved in this docket, particularly the
16 five intervenors, did not sign the Settlement
17 Agreement, as noted in the cover letter submitted
18 by Staff in submission of the Settlement
19 Agreement. The five intervenors did not take a
20 position. So, they did not object to the
21 Settlement Agreement.

22 Staff believes that the Settlement
23 meets the Company's need for rate relief. To
24 that end, the Staff agrees that the rates are

1 just and reasonable and in the public interest,
2 and recommends that the Commission approve this
3 Settlement as requested by Staff and the Settling
4 Parties.

5 Thank you.

6 CHAIRWOMAN MARTIN: Thank you,
7 Mr. Tuomala. Mr. Augeri.

8 MR. AUGERI: Thank you, Madam
9 Chairwoman and the rest of the Commission.

10 The Company believes that the
11 establishment of these temporary rates, as
12 presented in the testimony and in the now
13 accepted Exhibits 1 and 2, represent a compromise
14 that is reasonable, that the establishment of
15 such temporary rates, if they are approved by the
16 Commission, would be just and reasonable and in
17 the public interest. The Company also believes
18 that the effective date that has been compromised
19 in part of this Settlement Agreement is
20 reasonable, in that being the earlier of June
21 30th of 2021 or the date of such a Commission
22 order.

23 And, for all of the reasons that have
24 been stated, the Company believes that the

1 Commission should accept the terms as outlined,
2 both in the testimony and in the Settlement
3 Agreement contained in Exhibits 1 and 2.

4 Thank you.

5 CHAIRWOMAN MARTIN: Thank you,
6 Mr. Augeri.

7 And with that, we will close the record
8 for today and take the matter under advisement.

9 Thank you, everyone. I hope you all
10 enjoy the long weekend. We are adjourned.

11 ***(Whereupon the hearing was adjourned***
12 ***at 2:42 p.m.)***