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EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
20	Step I Settlement Agreement and Attachments	<i>premarked</i>
20a	Updated/Revised Attachment B Step 1 Schedule 1 (<i>Bates R030</i>)	41
21	Pipeline Water Consumption from NH DES OneStop (<i>Bates</i> <i>Numbered 001 through 004</i>)	<i>premarked</i>
22	Southern Interconnect Agreement (<i>Bates Numbered</i> <i>001 through 030</i>)	<i>premarked</i>

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P R O C E E D I N G

CHAIRMAN GOLDNER: Okay. Good afternoon, everyone. I'm Chairman Goldner. I'm joined by Commissioner Simpson today.

We're here this afternoon in Docket DW 20-117 for a hearing regarding Hampstead Area Water Company's Request for Approval of a Step Adjustment stemming from the rate case settlement approved in this docket on June 1st, 2022, in Order 26,635, as revised and clarified on June 10th and July 20th, 2022.

Today's hearing we'll consider the Settlement Agreement on Step I, on the Step I proposed rate changes, reached by HAWC, the Department of Energy, the Town of Atkinson, and the Town of Hampstead on January 25th, 2023.

Let's begin by taking appearances, beginning with HAWC.

MR. AUGERI: Thank you, Chairman. Attorney Tony Augeri, general counsel for Hampstead Area Water Company. And, if you'd like, I could introduce the rest of the team?

CHAIRMAN GOLDNER: Sure.

MR. AUGERI: Sitting in the panel is

1 HAWC's General Manager, Charlie Lanza; Stephen P.
2 St. Cyr, the Company's outside consultant; we
3 have John Sullivan, the Company Controller; and
4 behind me is Heidi Tombarello, legal counsel.

5 CHAIRMAN GOLDNER: Okay.

6 MR. AUGERI: Thank you.

7 CHAIRMAN GOLDNER: Very good. And the
8 New Hampshire Department of Energy?

9 MS. SCHWARZER: Good morning *[sic]*, Mr.
10 Chairman. I'm Mary Schwarzer, Staff Attorney
11 with the Department of Energy. With me this
12 afternoon, on the panel, is Anthony Leone, our
13 Utility Analyst; and with me at counsel's table
14 is Jayson Laflamme, the Director of the Water
15 Division; and Douglas Brogan, who is our
16 Consulting Engineer.

17 CHAIRMAN GOLDNER: Okay. Very good.
18 The Town of Atkinson?

19 MR. APPLE: John Apple, Town
20 Administrator, Town of Atkinson.

21 *(Mr. Apple repeating, with the*
22 *microphone on.)*

23 MR. APPLE: There we go. John Apple,
24 Town Administrator, Town of Atkinson.

1 CHAIRMAN GOLDNER: Very good. The Town
2 of Hampstead?

3 MS. WARNOCK: Thank you, Mr. Chairman.
4 I'm Laurie Warnock, Chair of the Board of
5 Selectmen in the Town of Hampstead.

6 MS. SPIVEY: Stephanie Spivey, Chair of
7 the Water Resources Committee, Town of Hampstead.

8 CHAIRMAN GOLDNER: Okay. Thank you.
9 Welcome. And Karen Steele?

10 MS. STEELE: Good afternoon, Mr.
11 Chairman. Karen Steele, Atkinson resident and
12 taxpayer, intervenor.

13 CHAIRMAN GOLDNER: Okay. Thank you
14 very much.

15 The Town of Danville and the Office of
16 Consumer Advocate each participated in the
17 general rate case portion of this docket. Our
18 understanding is that neither of those parties
19 will be participating in today's hearing, is that
20 correct? I think so, seeing that --

21 MR. AUGERI: I believe that is correct.

22 CHAIRMAN GOLDNER: -- I don't see them
23 here. All right. Very good. That's confirmed.

24 Are there any members of the public

1 here today who would like to comment?

2 *[No indication given.]*

3 CHAIRMAN GOLDNER: Okay. Seeing none.
4 Joint Exhibits 20, 21, and 22 have been
5 prefiled and premarked for identification.

6 Will there be any other exhibits
7 today?

8 MS. SCHWARZER: Mr. Chairman?

9 CHAIRMAN GOLDNER: Yes.

10 MS. SCHWARZER: I understand those
11 exhibits were indeed listed on a Joint Exhibit
12 List. However, if you're willing to entertain
13 preliminary matters, the Department does have
14 concerns with regard to Exhibit 21 and
15 Exhibit 22.

16 CHAIRMAN GOLDNER: Okay. This would be
17 a good time to discuss that. Please share your
18 concerns.

19 MS. SCHWARZER: I'd be happy to defer
20 to let the Company go first, if they would
21 prefer?

22 MR. AUGERI: Either way is fine.

23 CHAIRMAN GOLDNER: Okay.

24 MR. AUGERI: So, as it pertains to

1 Exhibit 21, it appears to be -- it's a 4-page
2 exhibit, beginning with Exhibit 21, Bates Number
3 001 through 004. And, preliminarily, the exhibit
4 itself appears to be a screenshot taken from the
5 New Hampshire Department of Environmental
6 Services' website. We do not have a
7 representative here from the Department of
8 Environmental Services. So, to the extent that
9 it would need to be authenticated, we don't have
10 a -- we certainly don't have that ability. And
11 we would -- you know, so that could be a
12 potential issue.

13 But, specifically, Bates Numbered 004,
14 our understanding is that is not from the
15 Department of Environmental Services' website,
16 but is a separate created document that may have
17 been created independent of the Department of
18 Environmental Services.

19 And that particular document, subject
20 to authentication, we just want to clarify that
21 it is not a document of the Department of
22 Environmental Services.

23 As it pertains to Exhibit 22, we have
24 reviewed this document. And it appears to be an

1 accurate copy of the Agreement that is known as
2 the "Southern Interconnect Agreement", that was
3 approved. We would note, however, that it was
4 not introduced prior to, at this time period, at
5 this Step I phase, and that document was a part
6 of Docket DW 19-147. It was "Exhibit 8",
7 submitted through Harold Morse, for the Company.

8 We have no reason to believe that this
9 isn't an accurate copy. But, in terms of what
10 should be presented to this Commission, we
11 believe that would be the controlling document,
12 since it's already before the Commission and part
13 of an existing docket.

14 CHAIRMAN GOLDNER: Okay. Attorney
15 Schwarzer, anything to add?

16 MS. SCHWARZER: Yes. Thank you, Mr.
17 Chairman.

18 The Department, just to follow up on
19 that, would prefer that the Commission take
20 administrative notice of the Southern New
21 Hampshire Regional Water Interconnection Project
22 Agreement, as it appears in DW 19-147, in the
23 HAWC filing from September 9th, 2019, as part of
24 Mr. Morse's testimony, "Exhibit 8". Simply

1 because it is a long document, and we have not
2 reviewed each and every page, and the origin was
3 not necessarily clear.

4 Overall, with regard to Exhibit 21 and
5 Exhibit 22, Step I is focused exclusively on
6 2020 expenses and adjustments relevant to events
7 in that year. And, to the extent that
8 Exhibit 2021 [21?] and 2022 [22?] deal with the
9 years 2021 and 2022, the Department objects, as
10 those are irrelevant.

11 CHAIRMAN GOLDNER: Okay. Any comments
12 on Exhibit 22?

13 I'm just checking.

14 MS. SCHWARZER: Oh.

15 CHAIRMAN GOLDNER: You objected to
16 Exhibit 21. Do you also object to Exhibit 22, or
17 did I miss something?

18 MS. SCHWARZER: I'm sorry. We have the
19 same objection with regard to anything in
20 Exhibit 22 --

21 CHAIRMAN GOLDNER: Twenty-two.

22 MS. SCHWARZER: -- that would apply to
23 the year 2021 or 2022. It just -- we accept that
24 it's -- to the extent it matches the document in

1 the docket I've referenced, to the extent the
2 Commission would take administrative notice of
3 that document in the DW 19-147 docket, we would
4 prefer that. This Exhibit 22 was submitted as a
5 pdf from Ms. Steele, and we have not compared it
6 line-by-line. And, just as a matter of
7 reliability, it's just easier if the Commission
8 were to take administrative notice of that other
9 source.

10 With regard to Exhibit 2021 -- excuse
11 me, with regard to Exhibit 21, we agree with the
12 reliability issues and concerns that the Company
13 has raised. The DES, there's no witness here
14 from DES. It's a printout from the website, and
15 we're not sure about the origins of Bates 004.

16 Thank you.

17 CHAIRMAN GOLDNER: Okay. And, Ms.
18 Steele, I'll let you go last, so you have the
19 opportunity, because I know they're your
20 exhibits.

21 So, do any of the other parties have
22 any comments relative to the exhibits?

23 *[Mr. Apple indicating in the negative.]*

24 CHAIRMAN GOLDNER: No comments.

1 MR. AUGERI: Chairman Goldner?

2 CHAIRMAN GOLDNER: Yes.

3 MR. AUGERI: Just to clarify, we would
4 join the Department in objecting to any material
5 that relates to years 2021 and 2022, --

6 CHAIRMAN GOLDNER: Okay.

7 MR. AUGERI: -- to the extent they're
8 in Exhibit 21 or Exhibit 22.

9 CHAIRMAN GOLDNER: Okay.

10 MR. AUGERI: Thank you.

11 CHAIRMAN GOLDNER: Thank you. And, Ms.
12 Steele, would you like to comment on the
13 objections please?

14 MS. STEELE: Yes. Thank you.

15 Exhibit 22, I'll go with the Agreement,
16 I did just copy those pages, because that exhibit
17 from Harold Morse was extensive. I did not
18 modify it at all. In here, I do have some
19 comments about, in my presentation, that I would
20 like to reference, which is why I added it into
21 as an exhibit. And I can get into that later, if
22 you have specific questions on that.

23 I'm fine if you use the administrative
24 notice, because it is the exact same Agreement

1 document. I didn't modify it.

2 As for Exhibit 21, Attorney Augeri is
3 absolutely correct. What I did is, the first
4 three pages are screen grabs from DES, to
5 indicate the validity of the data, and the data
6 has actually been submitted by HAWC. So, HAWC
7 could have also -- they're the ones that
8 submitted the data for Hampstead for HAWC and
9 HAWSCO, which is a sister company of the same
10 employees I'm guessing here. They are the ones
11 who submitted the data for Plaistow. So, I am
12 using this data to show that the MSDC is not used
13 and useful. And, so, I do believe that it is
14 relevant.

15 And what I did then, on Bates 04, is I
16 took the exact data that is on the DES website,
17 and I summarized it in the columns from Salem to
18 HAWC and from HAWC to Plaistow. And then, I
19 simply calculated the other columns. It's a
20 simple Excel spreadsheet.

21 CHAIRMAN GOLDNER: Okay. So, we're
22 going to take a ten-minute break, so the
23 Commissioners can confer. We'll return at five
24 minutes till, and we'll disposition these

1 exhibits.

2 Attorney Schwarzer.

3 MS. SCHWARZER: Thank you, Mr.
4 Chairman. Before you break, I'd like to bring to
5 the Commission's attention that. In the
6 Commission's order on permanent rates, Order
7 Number 26,635, as revised July 20, 2022, the
8 parties seemed to have already raised, and the
9 Commission seems to have already addressed, some
10 of the -- excuse me -- some of the arguments that
11 Ms. Steele referenced pleadingly in her opening
12 remarks. And I wanted to bring that to your
13 attention at this time.

14 CHAIRMAN GOLDNER: Okay. Thank you.
15 That's helpful.

16 MS. STEELE: If I could make one more
17 comment?

18 CHAIRMAN GOLDNER: Of course.

19 MS. STEELE: A major element of the
20 Step I increase is the MSDC, which is the
21 \$892,500 that was paid to Merrimack Source
22 Development Charge. And, so, I believe that the
23 data I have presented is indeed relevant to
24 showing that that cost -- that spend is not used

1 and useful, and, therefore, should be reduced.

2 CHAIRMAN GOLDNER: Would any of the
3 other parties care to respond before we break?

4 MS. SCHWARZER: Mr. Chairman, I think
5 I'll just take the break to reflect on Ms.
6 Steele's comments. Did she say "Step I" or
7 "Step II"?

8 MS. STEELE: Today's hearing is on Step
9 I. And the major part of the Step I increase is
10 the \$892,500 that was expended in 2019, but it is
11 a part of the Step I justification increase.

12 CHAIRMAN GOLDNER: Any comments? Any
13 other comments before we break?

14 MS. SCHWARZER: No. Thank you, Mr.
15 Chairman.

16 CHAIRMAN GOLDNER: Okay. Thank you.
17 Let's return at 2:00 p.m. sharp. Thank you.

18 *(Recess taken 1:45 p.m., and the*
19 *hearing resumed at 2:00 p.m.)*

20 CHAIRMAN GOLDNER: Okay. Back on the
21 record.

22 So, we're going to proceed with the
23 exhibits. And, when we swear in the witnesses,
24 Ms. Steele, I think you're planning on being

1 sworn in as a *pro se* witness?

2 MS. STEELE: That's correct.

3 CHAIRMAN GOLDNER: Because we can get
4 your comments and talk about relevance in these
5 proposed Exhibits 21 and 22, when you're on the
6 stand and sworn in. So, we'll proceed that way.

7 And I'll just check in with the parties
8 to see if there is anything else we need to do as
9 a preliminary matter, before we swear in the
10 current panel of witnesses?

11 MS. SCHWARZER: Mr. Chairman?

12 CHAIRMAN GOLDNER: Uh-huh.

13 MS. SCHWARZER: The Department would
14 just like to reserve its position that the issues
15 that Ms. Steele is raising have already been
16 raised and addressed in the Settlement Agreement
17 on Permanent Rates and in the Department's -- in
18 the Commission's order.

19 CHAIRMAN GOLDNER: Yes, absolutely.
20 And you'll have an opportunity to question Ms.
21 Steele on the stand as well. So, I think we have
22 due process sorted.

23 So, is there anything else before we
24 have the panel sworn in?

1 MR. AUGERI: Mr. Chairman?

2 CHAIRMAN GOLDNER: Yes.

3 MR. AUGERI: Just two very preliminary
4 matters, kind of jumping ahead. I don't know if
5 we formally notified the Commission that we were
6 indeed proceeding as a panel, so I wanted to note
7 that.

8 CHAIRMAN GOLDNER: Okay.

9 MR. AUGERI: Even though they're
10 already seated.

11 And then, secondly, is the Town of
12 Hampstead, who is present here, you made
13 reference that they "signed on to the Agreement",
14 and that's not entirely true. They noted, after
15 the Settlement Agreement was filed to the
16 Commission, that they were subsequently going to
17 join. But they had not identified which of
18 their -- there were a number of representatives
19 that were part of the docket that were
20 recognized, and we did not sort out formally who
21 would actually sign the Agreement. So, I just
22 wanted to raise that for the Commission as well
23 as a preliminary matter.

24 CHAIRMAN GOLDNER: Okay. Thank you.

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

1 That is noted. Anything else, before we swear in
2 the witnesses?

3 MS. SCHWARZER: Sorry, Mr. Chairman. I
4 would like to reserve rebuttal time for my panel,
5 and for me, myself as well, after Ms. Steele
6 testifies?

7 CHAIRMAN GOLDNER: Sure.

8 MS. SCHWARZER: Thank you.

9 CHAIRMAN GOLDNER: Yes, I think that
10 would be normal, a normal part of the process.
11 But, yes.

12 Okay. Let's proceed with swearing in
13 of the witnesses. Mr. Patnaude.

14 *(Whereupon **STEPHEN P. ST. CYR,***
15 ***CHARLIE LANZA,** and **ANTHONY LEONE** were*
16 *duly sworn by the Court Reporter.)*

17 CHAIRMAN GOLDNER: Okay. Very good.
18 Mr. Augeri, please begin with direct.

19 MR. AUGERI: Thank you. We'll start
20 with Mr. St. Cyr on the panel.

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

22 **CHARLIE LANZA, SWORN**

23 **DIRECT EXAMINATION**

24 BY MR. AUGERI:

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

1 Q Mr. St. Cyr, could you please state your name and
2 business for the record?

3 A (St. Cyr) My name is Stephen P. St. Cyr, with St.
4 Cyr & Associates.

5 Q And what services does St. Cyr & Associates
6 provide?

7 A (St. Cyr) We provide accounting, management, and
8 regulatory services to utilities, mostly water
9 and sewer.

10 Q And if you could just please provide an overview
11 of your involvement with this docket?

12 A (St. Cyr) I've been involved with the docket from
13 the beginning. I prepared the financial exhibits
14 and the supporting schedules for both the
15 temporary and permanent exhibits, including the
16 two step adjustments.

17 I've also testified -- prepared
18 testimony and testified before the Commission in
19 both the temporary and permanent portions of this
20 docket. I've been involved in reviewing the
21 Company's responses to data requests. And I've
22 participated in a number of technical sessions
23 and settlement conferences, the most recent ones
24 ultimately leading to this Settlement Agreement.

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

1 Q I'm going to direct your attention now to the
2 Step I filing. Relating to that, the Settlement
3 Agreement that has been premarked and identified
4 as "Exhibit 20", the Settlement Agreement for
5 Step I, that's before the Commission today, did
6 you prepare or are you familiar with the
7 Agreement and the supporting schedules?

8 A (St. Cyr) So, I worked collaboratively with the
9 DOE Staff to put together the schedules and
10 worked with the parties to work on the Settlement
11 Agreement.

12 Q And can you explain how those Step I calculations
13 came to be?

14 A (St. Cyr) Yes. In PUC Order 26,635, the
15 Commission approved the Settlement Agreement for
16 Permanent Rates that contains two step
17 adjustments. This Order required the Step I
18 permanent rate adjustment not to be filed before
19 June 30, 2020, which the Company complied with.
20 Also, the step adjustment calculation was subject
21 to DOE Audit Division audit, and such audit was,
22 in fact, performed. After the audit was
23 completed, the parties met in technical session
24 and worked out certain adjustments to be

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

1 reflected in the schedules, and are now part of
2 the Settlement Agreement.

3 Q And were there any other terms from the Order
4 26,635 related to Step I?

5 A (St. Cyr) So, as I said, one of the conditions
6 was that the Step I calculation be audited by the
7 New Hampshire DOE Audit Division. The Step I
8 adjustment itself was not to exceed \$258,450; the
9 calculation was to utilize a 4.5 percent rate of
10 return; and the addition to rate base was not to
11 exceed 2,368,015, for a total not to exceed
12 7,660,606.

13 And the Settlement Agreement before the
14 Commission today meets all of those requirements.

15 Q Okay. And were there any other terms, and
16 specifically for municipal fire protection?

17 A (St. Cyr) So, yes. In accordance with the PUC
18 Order, the rates for municipal fire protection
19 were to remain unchanged.

20 Q And, in fact, did they remain unchanged in the
21 Settlement Agreement that is before the
22 Commission now?

23 A (St. Cyr) Yes.

24 Q Did you prepare or are you familiar with the

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

1 Settlement Agreement -- no, excuse me.

2 Did you prepare or are you familiar
3 with the Step I Settlement Agreement, and also
4 the attachments to it, that are currently -- as
5 "Exhibit 20", attached as Bates numbers 001
6 through 043?

7 A (St. Cyr) Yes, I'm familiar with them.

8 Q And can you describe what those attachments are,
9 starting with the Attachment A?

10 A (St. Cyr) So, there's two attachments.
11 Attachment A is the Final Audit Report prepared
12 by the Department of Energy Audit Division. And,
13 second, the Attachment B is the calculation of
14 the step adjustment. It was originally prepared
15 by me, audited by the Audit Division, and then
16 reviewed and modified by the parties, including
17 the Company.

18 Q And can you just briefly describe the process to
19 which the Step I Settlement Agreement was -- how
20 it was reached?

21 A (St. Cyr) Sure. On October 26, 2022, the Company
22 filed its proposed final costs and the
23 calculation of the step adjustment. This
24 proposed final cost and calculation were subject

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

1 to the audit, as I said. The audit was conducted
2 and finalized. Following a completion of the
3 audit, and a round of data requests, on
4 December 19, 2022, the Company filed a revised
5 final cost and a revised Step I calculation.

6 And then, lastly, on June 25th,
7 2023 [sic], the parties filed a proposed
8 Settlement Agreement that's before the Commission
9 today.

10 Q And, just as a point of clarification, I believe
11 you may have just said "June". Was that
12 "January", instead of "June", since we're not yet
13 in June?

14 A (St. Cyr) January 25, 2023.

15 Q Thank you. Can you please provide just an
16 overview of the Step I Settlement Agreement
17 please?

18 A (St. Cyr) So, the Settlement Agreement includes
19 the background of the procedural history, the
20 terms, the Step I Adjustment revenue requirement,
21 the effective date, the resulting rates, and
22 other provisions. Among the purposes of the Step
23 I Settlement Agreement, it was intended to avoid
24 a potential rate shock that would have been

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

1 caused by implementing the permanent, the Step I,
2 and the Step II increase all at one time. And,
3 again, the Settling Parties have agreed that the
4 proposed Step I Adjustment will result in an
5 increase not to exceed \$258,450 in the Company's
6 revenue requirement.

7 Q And can you now turn to what is the proposed Step
8 I Adjustment based on?

9 A (St. Cyr) So, there's three categories of
10 adjustments. The first is the post-test year
11 plant additions placed in service in 2020, and
12 this would include the plant additions associated
13 with the New Hampshire -- Southern New Hampshire
14 Regional Water Infrastructure Project.

15 Second, it includes the Company's
16 purchase of the Manchester Source Development
17 Charge [sic] capacity credits. This is from
18 Manchester Water Works. And the amount is added
19 to rate base as a deferred debit and amortized
20 over 39 years. That's the remaining life of the
21 Project Contract.

22 And then, the third category is various
23 adjustments to revenue and expenses, mostly
24 related to the additions to plant.

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

1 Q If you could just briefly touch on the Municipal
2 Fire Protection rate, and explain how that was
3 agreed upon?

4 A (St. Cyr) So, the parties noticed that the rate
5 would actually fluctuate between permanent, Step
6 I, and Step II. And, in order to avoid that
7 fluctuation, the parties recommended, and the
8 Company agreed, that the Municipal Fire charge
9 would remain level, and that any shortfall in
10 revenue would be absorbed by the Company.

11 And it turned out that the revenue that
12 needed to be absorbed was roughly 57,000.

13 Q Now, moving on to Attachment B of the Settlement
14 Agreement, could you provide an overview of that,
15 which are the calculations for the Step I
16 Adjustment?

17 A (St. Cyr) Yes. And, so, this is "Attachment B
18 Step 1 Schedule C" [Schedule 1?]. It's part of
19 Exhibit 20, Bates Page 030, if people want to
20 follow along. Schedule 1 shows the 2020
21 additions to plants, less accumulated
22 depreciation, less contribution in aid of
23 construction, plus the CIAC tax, plus cash
24 working capital, resulting in a total change to

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

1 rate base of "2,352,671". This is approximately
2 halfway down the page, on the far right-hand
3 column, Column (8).

4 And just below that amount is the
5 "4.5 percent" agreed-upon rate of return. When
6 the Company applies the agreed-upon rate of
7 return to the change in the rate base, it results
8 in a net operating income requirement of
9 "105,969". To that, we add the additions and
10 deletions for operating expenses. That totals
11 \$153,501, which results in a total step increase
12 of "\$259,470".

13 Q And does the actual total step increase exceed
14 the quoted language from Order 26,635, that said
15 "not to exceed an amount of 258,450"?

16 A (St. Cyr) It does.

17 Q And, because the actual total step increase of
18 "259,470" exceeds that not-to-exceed amount, what
19 did the Company and the parties agree to?

20 A (St. Cyr) The Company and the parties agreed to
21 the not-to-exceed amount of \$258,450.

22 Q And that's the amount that's within the
23 Settlement Agreement before the Commission right
24 now?

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

1 A (St. Cyr) That is correct.

2 Q Is there anything else that you'd like to say
3 about the Step I schedules?

4 A (St. Cyr) Well, just that the Step 2 [Sch. 2?] schedules support the 4.5 percent rate of
5 return; the Step 3 [Schedule 3?] schedules support the changes to rate base; and the
6 Step 4 [Schedule 4?] schedules reflect the
7 changes to revenue and expenses.
8
9

10 Q Okay. I'm going to turn your attention to the
11 Southern New Hampshire Regional Water
12 Interconnection Project briefly.

13 Are you aware of the Agreement that's
14 in place regarding this Southern New Hampshire
15 Regional Water Interconnection Project?

16 A (St. Cyr) Yes.

17 Q And was the Company a party to that Agreement?

18 A (St. Cyr) Yes.

19 Q And can you just talk about the Company
20 investment and why it became involved in that?

21 A (St. Cyr) So, initially, I'll just point back to
22 Schedule 1. The Company's total investment was
23 just over \$4 million, the amount contributed was
24 \$2.3 million, resulting in a fairly significant

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

1 savings for the Company. You know, they
2 participated in the Project, in part, because
3 these funds were available. The funds were
4 received from the New Hampshire Drinking Water
5 Funds that were set up by the DES, as a result of
6 the state receiving settlement funds from Exxon
7 Mobil.

8 Q Okay. Did the Company request the recovery of
9 rate case expenses related to Step I?

10 A (St. Cyr) We did.

11 Q And what did the Settling Parties agree to
12 regarding those rate case expenses relating to
13 Step I?

14 A (St. Cyr) So, the parties --

15 MS. SCHWARZER: Just -- I'm sorry. It
16 was my understanding that that wasn't part of the
17 Settlement Agreement.

18 MR. AUGERI: Yes. If you'll let him
19 finish his --

20 MS. SCHWARZER: Well, I was wondering
21 if it was part of a negotiation, a settlement
22 discussion negotiation.

23 CHAIRMAN GOLDNER: Ms. Schwarzer, if
24 you could wait until cross, that would be

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

1 excellent. Thank you.

2 **BY THE WITNESS:**

3 A (St. Cyr) **[STRICKEN]** *So, the parties agreed not*
4 *to submit a request for recovery of rate case*
5 *expenses related to Step I at this time, and*
6 *instead the Company would submit its request for*
7 *Step I and Step II as part of the Step II*
8 *proceeding.*

9 MR. AUGERI: I just want to give her
10 the opportunity if she --

11 CHAIRMAN GOLDNER: What I'd like to do
12 is, if we could, if we could just go ahead and
13 finish with the Company, and I know it's a panel,
14 but, if we could finish with the Company, and
15 then move to the DOE, that would be more
16 efficient.

17 MS. SCHWARZER: Mr. Chairman, I
18 understand, and I apologize for this
19 interruption. But, in my opinion, the answer
20 just given by Mr. St. Cyr was part of the
21 Settlement discussion and negotiation, and is not
22 part of the Settlement Agreement, and is more or
23 less off the record.

24 So, I feel like I need to say something

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

1 at the time. So, I'm saying it.

2 CHAIRMAN GOLDNER: Mr. Augeri, would
3 you care to comment?

4 MR. AUGERI: To the extent that there's
5 an objection based -- we would certainly withdraw
6 that piece of the testimony, and reserve it for
7 later proceedings that are currently ongoing.

8 CHAIRMAN GOLDNER: Okay. Okay. Let's
9 move forward with Mr. Augeri's suggestion, and we
10 can strike Mr. St. Cyr's last comment from the
11 record, Court Reporter.

12 BY MR. AUGERI:

13 Q I'm going to turn your attention and just ask you
14 a general question, Mr. St. Cyr. Are you aware
15 of any material changes or corrections that need
16 to be made, either to the Step I Settlement
17 Agreement itself or either of the two attachments
18 appended to it, that comprise Exhibit 20, Bates
19 Numbered 001 through 043?

20 A (St. Cyr) No.

21 Q And, Mr. St. Cyr, do you have an opinion as to
22 whether the permanent rates recommended in the
23 Step I Settlement Agreement are just and
24 reasonable?

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

1 A (St. Cyr) I believe that the recommended
2 permanent rates are, in fact, just and
3 reasonable --

4 *[Court reporter interruption.]*

5 **BY THE WITNESS:**

6 A (St. Cyr) I believe that the recommended
7 permanent rates are just and reasonable and serve
8 the public interest, in compliance with RSAs
9 378:27 through 29, and consistent with PUC
10 Order 26,635.

11 MR. AUGERI: Thank you, Mr. St. Cyr.
12 We would reserve any rebuttal testimony required
13 by Mr. St. Cyr, if needed.

14 And, now, the Company would like to
15 turn to Mr. Lanza on the panel.

16 BY MR. AUGERI:

17 Q Mr. Lanza, if you could please state your name
18 and business for the record?

19 A (Lanza) My name is Charlie Lanza. And I'm the
20 General Manager for Hampstead Area Water Company.

21 Q And if you could briefly describe your role as
22 General Manager?

23 A (Lanza) I am responsible for the general
24 operations of the Company.

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

1 Q And what has been your involvement in this
2 docket?

3 A (Lanza) So, similar to Mr. St. Cyr, I have been
4 involved from the very beginning, in 2019. I
5 prepared testimony for the request to increase
6 temporary rates and permanent rates, which
7 included two step increases.

8 In addition, I was also involved in
9 preparing and reviewing the Company's responses
10 to data requests. I also prepared for and
11 participated in all technical sessions and
12 settlement conferences, and worked on the
13 Settlement Agreement and gave testimony at the
14 Settlement hearing on permanent rates that took
15 place on May 11th, 2022, in which the parties'
16 Settlement Agreement was presented to and
17 ultimately approved by the Commission.

18 Q And could you please describe your involvement
19 with the Step I Settlement Agreement that is
20 currently before the Commission?

21 A (Lanza) Sure. Similar to the Settlement
22 Agreement for Permanent Rates, I was involved in
23 the Step I submissions, participated in technical
24 session with the parties, and the settlement

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

1 conference that led to the Settlement Agreement
2 Step I rates that is currently before the
3 Commission today.

4 Q Turning to the Step I Settlement Agreement that's
5 marked as "Exhibit 20", are there any attachments
6 to that Agreement?

7 A (Lanza) Yes, there are two. The first is
8 Attachment A, which is the Audit Report for Step
9 I, prepared by New Hampshire Department of
10 Energy. The second is Attachment B, and that is
11 the rates and schedules prepared by Mr. St. Cyr.

12 Q Are you aware of any material changes or
13 corrections that need to be made to either the
14 Settlement Agreement or either of the attachments
15 appended to it that comprise Exhibit 20, Bates
16 Numbered 001 through 043?

17 A (Lanza) No, I am not.

18 Q And, Mr. Lanza, do you have an opinion as to
19 whether the Step I rate adjustment, as
20 recommended in the Settlement Agreement,
21 Exhibit 20, are just and reasonable?

22 A (Lanza) Yes. I believe that the recommended Step
23 I adjustments to permanent rates is just and
24 reasonable to serve the public interest, in

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

1 compliance with the applicable RSAs.

2 MR. AUGERI: Thank you. Same as with
3 Mr. St. Cyr, we'll reserve rebuttal testimony for
4 Mr. Lanza. But, otherwise, the Company just
5 reserves its right for further rebuttal.

6 CHAIRMAN GOLDNER: Okay. Very good.
7 Attorney Schwarzer.

8 MS. SCHWARZER: Thank you, Mr.
9 Chairman.

10 **ANTHONY LEONE, SWORN**

11 **DIRECT EXAMINATION**

12 BY MS. SCHWARZER:

13 Q Good afternoon, Mr. Leone. Would you please
14 state your name for the record?

15 A (Leone) Good afternoon. My name is Anthony
16 Leone.

17 Q And by whom are you employed and where do you
18 work?

19 A (Leone) I'm employed by the New Hampshire
20 Department of Energy. And my business address is
21 21 South Fruit Street, Suite 10, Concord, New
22 Hampshire.

23 Q And what position do you hold at the Department
24 of Energy?

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

1 A (Leone) My position at the Department of Energy
2 is a Utility Analyst III.

3 Q Could you please describe your recent work
4 experience?

5 A (Leone) In 2014, I was hired as a Utility
6 Examiner in the Audit Division of the then New
7 Hampshire Public Utilities Commission. In 2018,
8 I was promoted to the position of Utility Analyst
9 in the Gas and Water Division of the PUC.

10 And, when the Department was created in
11 July of 2021, my position transitioned to the
12 Department's Regulatory Support Division.

13 Q Could you please describe your responsibilities
14 at the Department?

15 A (Leone) At the Department, I am responsible for
16 examining, evaluating, and the analysis of
17 various filings, including rates and financing
18 filings, which may result in a recommendation or
19 a settlement, or changes affecting revenue
20 requirements that conform to typical ratemaking
21 methodologies.

22 I also meet with company officials,
23 outside specialists, such as accountants and
24 engineers. And I also participate in the

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

1 discovery process and technical sessions.

2 Q Could you please give a summary of your
3 educational background?

4 A (Leone) I received a Bachelor of Science degree
5 in Accounting in 2005. In 2016, I attended the
6 National Association of Regulatory Commissioners,
7 which is "NARUC", their Annual Regulatory Studies
8 Program. In 2017, I attended the NARUC
9 Intermediate Regulatory Studies Program. And, in
10 2019, I attended the NARUC Utility Rate School,
11 in San Diego, California.

12 Q Have you testified before the Public Utilities
13 Commission before?

14 A (Leone) Yes. I submitted testimony in DW 20-184,
15 the Aquarion Water Company rate proceeding. And
16 I was also on the witness panel and submitted
17 testimony in the permanent rate proceeding of
18 this docket, DW 20-117.

19 Q And what is the purpose of your testimony in this
20 hearing this morning -- or, this afternoon?

21 A (Leone) The purpose of my testimony this
22 afternoon is to briefly discuss the Department's
23 position regarding the Step I Settlement
24 Agreement, marked as "Exhibit 20". This

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

1 Agreement is the result of the Company's proposed
2 first step adjustment filing, pursuant to the
3 first step adjustment framework that was approved
4 in Commission Order 26,635, originally issued on
5 June 1st, 2022. Which was part of the Company's
6 most recent permanent rate proceeding in this
7 docket, which is DW 20-117.

8 Q Could you please summarize the work that you did
9 on the Step I Settlement Agreement?

10 A (Leone) With respect to the Step I portion of
11 this docket, I examined the Company's Step I
12 filing, in conjunction with the books and records
13 on file with the Commission and the Department,
14 as well as applicable data from the permanent
15 rate proceeding portion of this docket.

16 I participated in the discovery
17 process, in technical sessions, as well as the
18 drafting of the Step I Settlement Agreement and
19 its attachments.

20 Q I want to ask you about the testimony that you
21 just heard from the Company. I believe Mr.
22 St. Cyr might, at one point, referred to
23 "Steps 3", "4", and "5", when he meant
24 "Schedules 2", "3", and "4", and "5". But, with

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

1 that aside, do you agree with the summary of the
2 first step adjustment for rates and revenues, as
3 presented by the Company's witnesses this
4 afternoon?

5 A (Leone) Yes.

6 Q And do you have any additional comments on that
7 summary, or anything to add or clarify?

8 A (Leone) There is one point I would like to
9 clarify.

10 The figures that were recited in the
11 Settlement Agreement, on Bates Page 004, I
12 believe it is, starting on Bates Page 004, those
13 figures do not match the figures in Attachment B,
14 which are found on Bates Page 030, which is the
15 calculation of the proposed increase to the
16 Company's revenue requirement.

17 Q And could you please explain that a bit further?

18 A (Leone) So, beginning on Bates Page 004, under
19 portion b., where it discusses the "Step I
20 Adjustment Revenue Requirement", it specifically
21 lists the proposal of "\$258,450". And,
22 continuing on to Step 5 [sic], it lists the
23 "11.53 percent". And this --

24 Q I'm sorry, "Step 5" or "Page 5"?

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

1 A (Leone) I'm sorry, "Page 5". Thank you. This
2 section of the Settlement Agreement specifically
3 references "Attachment B", which is the
4 calculation for the revenue requirement.

5 If we turn to Schedule B [Att. B?],
6 which is Bates Page 030, in the lower right-hand
7 portion of Bates Page 030, it actually lists the
8 amount of the "\$259,470" and the "11.57 percent".
9 It is understood that there appears to be a
10 formatting issue when the Excel file was printed
11 off and converted to a *pdf*.

12 The "\$258,450" and "11.53 percent" is
13 the correct amount that is being presented
14 today.

15 Q And is that amount that you just referenced, the
16 \$458,450 [\$258,450?] is consistent with the
17 agreed-upon cap in the framework for Step I in
18 permanent rates?

19 A (Leone) Yes, it is.

20 Q "258,450"?

21 A (Leone) "258,450", yes.

22 MS. SCHWARZER: And, if I might
23 approach, I have a printout showing what was
24 originally formatted, in contrast to what was

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

1 submitted?

2 [Chairman Goldner indicating in the
3 affirmative.]

4 MS. SCHWARZER: Thank you.

5 [Atty. Schwarzer distributing
6 documents.]

7 MS. SCHWARZER: The Company, I believe,
8 has it. I'm going to give this to the parties in
9 the back.

10 BY MS. SCHWARZER:

11 Q Mr. Leone, I've handed to you Attachment B Step 1
12 Schedule 1, marked with some statements at the
13 bottom. Is this the schedule, as you remember it
14 being prepared, to be submitted with the
15 Settlement Agreement?

16 A (Leone) Yes.

17 Q And could you please describe what is missing
18 from the document that was formatted and filed by
19 the Company as part of the Settlement Agreement?

20 A (Leone) Excuse me. So, on the very bottom of the
21 document, beyond where it lists the "\$259,470"
22 and "11.57 percent", it lists the amount that is
23 proposed, which is the "\$258,450", at "11.53
24 percent".

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

1 Q And is that described as the "Step 1 increase to
2 revenue requirement" and the "Step I increase to
3 revenue requirement as a percentage"?

4 A (Leone) Yes, it is.

5 Q Thank you. So, just for the record, can you
6 please confirm the agreed-upon revenue
7 requirement increase and the corresponding
8 percentage as agreed to by the Settling Parties?

9 A (Leone) So, for the record, the agreed-upon
10 increase to the revenue requirement is \$258,450,
11 and, expressed as a percentage, 11.53 percent.

12 MS. SCHWARZER: Would the Commission
13 like the parties to file the updated page as a
14 corrected page?

15 CHAIRMAN GOLDNER: Yes, please.

16 *(Following the hearing, the Updated*
17 *and Revised page (Bates Page R030), as*
18 *noted above, was filed and marked as*
19 **Exhibit 20a.)**

20 MS. SCHWARZER: We would be happy to do
21 that.

22 BY MS. SCHWARZER:

23 Q Mr. Leone, if I could direct your attention back
24 to what is now the corrected page, Attachment B,

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

1 Schedule 30 [Schedule 1?], could you please
2 comment on what appears in Column (6)?

3 A (Leone) Are you referring to the -- what's
4 labeled as the MS --

5 *[Court reporter interruption.]*

6 **CONTINUED BY THE WITNESS:**

7 A (Leone) -- the "MSDC Fee"?

8 BY MS. SCHWARZER:

9 Q Yes. Could you just please state what does that
10 stand for?

11 A (Leone) I believe the MSDC stands for the
12 "Merrimack Source Development Charge".

13 Q And what is that charge listed -- identified as
14 at the top of the page?

15 A (Leone) I'm sorry, can you restate the question?

16 Q Certainly. Across from "Additions/(Retirements)"
17 row, what is the dollar value listed in Column
18 (6)?

19 A (Leone) The dollar value is listed as "\$892,500".

20 Q And is that the amount that was included in Step
21 I or is there a different amount that was
22 included in Step I?

23 *[Short pause.]*

24 BY MS. SCHWARZER:

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

1 Q Is that a bad question?

2 A (Leone) Can you rephrase the question please?

3 Q I'd be happy to. Could you please explain, in
4 Column (6), further down the page there's a
5 number "\$22,885". What does that number
6 represent?

7 A (Leone) So, further on down the column, the
8 "\$22,885" represents the portion of that amount
9 that is being expensed by the Company during
10 2020.

11 Q And is that -- is that expense amount included at
12 Step I?

13 A (Leone) Yes, it is.

14 Q Thank you. And, with the clarifications that
15 you've made, and your description of the numbers
16 that appear in revised Attachment B, Bates
17 Page 030, could you briefly provide the
18 Department's summary of the terms of the
19 Settlement Agreement?

20 A (Leone) Yes. So, as indicated on Bates Page 013
21 and 014 of Order Number 26,635, regarding the
22 Company's then new permanent rates, the
23 Commission approved a first step adjustment
24 framework, based on the costs incurred of certain

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

1 items with a not-to-exceed revenue requirement
2 increase of \$258,450. These items are "post-test
3 year plant additions placed in service in 2020,
4 including plant additions related to the Southern
5 New Hampshire Regional Water Project; the
6 Company's purchase of Manchester Source
7 Development Charge capacity credits from
8 Manchester Water Works in 2020, which are added
9 to rate base as a deferred debit and amortized
10 over 39 years, which is the remaining life of the
11 Southern New Hampshire contract; and the various
12 other operating income adjustments", which can be
13 found on Schedules 1 and 4 of Attachment B of the
14 Settlement Agreement that is presented as
15 "Exhibit 20".

16 Q And let me interrupt you, just with what, with
17 what you just recited. Does "MSDC" stand for
18 "Merrimack Source Development Charge" or
19 "Manchester Source Development Charge"?

20 A (Leone) "Manchester Source".

21 Q Thank you. If you'd continue.

22 A (Leone) The Department's Audit Group reviewed the
23 Company's filing, and the Department's Water
24 Group issued discovery, and participated in tech

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

1 sessions.

2 The Department supports the requested
3 increase because the items submitted represent
4 costs incurred only for the items agreed upon and
5 authorized, to be included in the first step
6 adjustment as stated in Order Number 26,635. All
7 of the plant additions are nonrevenue-producing
8 plant additions that were used and useful as of
9 the end of 2020, and are reflective of the
10 Company's efforts to produce safe and adequate
11 water service, at just and reasonable rates, as
12 required by RSA 371 -- 374:1 and 374:2.

13 Q Mr. Leone, in your opinion, are the substantive
14 terms of the Step I Settlement Agreement just and
15 reasonable and in the public interest, within the
16 meaning of RSA 374:2 and RSA 378:7?

17 A (Leone) Yes.

18 MS. SCHWARZER: Thank you.

19 CHAIRMAN GOLDNER: Okay. Let's move to
20 the Town of Atkinson. Does the Town have any
21 questions for the witness panel?

22 MR. APPLE: No.

23 CHAIRMAN GOLDNER: Thank you. And the
24 Town of Hampstead, any questions for the witness

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

1 panel?

2 MS. WARNOCK: No.

3 CHAIRMAN GOLDNER: Okay. Thank you.

4 And we'll move to Ms. Steele, do you have any
5 questions for the witness panel?

6 MS. STEELE: No, I do not.

7 CHAIRMAN GOLDNER: Okay. Thank you.

8 We'll move to Commissioner questions,
9 beginning with Commissioner Simpson.

10 CMSR. SIMPSON: Thank you.

11 BY CMSR. SIMPSON:

12 Q So, I guess I'll start with Mr. St. Cyr. If you
13 could direct us to the list of all the projects
14 placed into service with respect to this 2020
15 step adjustment in the record? We'll start there
16 please.

17 A (St. Cyr) So, I would direct you towards
18 Attachment B Step 1 Schedule 1.

19 CHAIRMAN GOLDNER: Can you give a Bates
20 page, Mr. St. Cyr?

21 WITNESS ST. CYR: Bates Page 030.

22 CHAIRMAN GOLDNER: Okay. Thank you.

23 MS. SCHWARZER: And I will apologize,
24 but jump in to say that is the revised page that

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

1 we have recently discussed.

2 CMSR. SIMPSON: Thank you.

3 BY CMSR. SIMPSON:

4 Q So, you --

5 A (St. Cyr) So, the top line, --

6 Q Uh-huh.

7 A (St. Cyr) -- "Additions and Retirements",
8 identifies, I guess, four projects: The
9 "Atkinson Tank", there's "Other Plant", "West
10 Side Drive", it's a pump station, and the "MSDC
11 Fee". Each of those amounts are supported by
12 different schedules. Schedules 3a for the
13 Atkinson Tank, and 3b for Other Plant, and 3c for
14 West Side Drive, and the MSDC fee.

15 Q Okay. Thank you. And, within this exhibit, we
16 have the Audit Report, correct, from the
17 Department of Energy?

18 A (St. Cyr) Exhibit A [Attachment A?] is the Audit
19 Report, yes.

20 Q And you worked with the Department of Energy,
21 from an accounting and documentation perspective,
22 I take it?

23 A (St. Cyr) The Company and I worked with them,
24 yes.

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

1 Q Okay. And you provided all of the receipts and
2 accounting for each of the line items for each
3 project listed here?

4 A (St. Cyr) The Company provided that, yes.

5 Q Okay. "You", as a representative of the Company,
6 I mean?

7 A (St. Cyr) Yes.

8 Q Okay. And, in 2020, was it your understanding
9 that all of the projects were placed into service
10 and used and useful?

11 A (St. Cyr) Yes.

12 Q Okay. Thank you. And, Mr. Lanza, you're the
13 Operations Manager for the Company, correct?

14 A (Lanza) General Manager.

15 Q General Manager. So, are you responsible for
16 overseeing construction/operations of the
17 Company?

18 A (Lanza) That's correct.

19 Q And are you familiar with each of the four
20 projects?

21 A (Lanza) I am.

22 Q And did you oversee the development and progress
23 of each of the four projects?

24 A (Lanza) I did. Aside from the tank, which I

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

1 believe I was involved in the entire
2 construction, but some of the preconstruction had
3 started --

4 *[Court reporter interruption.]*

5 **CONTINUED BY THE WITNESS:**

6 A (Lanza) Part of the preconstruction, as it
7 relates to the tank, I believe was performed
8 prior to me joining the Company in 2018.

9 BY CMSR. SIMPSON:

10 Q So, throughout 2020, you worked on each of these
11 projects?

12 A (Lanza) That's correct.

13 Q And do you believe that all of them were placed
14 into service in 2020 and used and useful?

15 A (Lanza) I do.

16 Q Okay. Thank you. And just a moment.

17 I guess I'll jump back over to Mr.
18 Leone. Thank you for being here.

19 So, you worked on the -- within the
20 Department's review of all of the material
21 submitted before us here today, correct?

22 A (Leone) Yes.

23 Q And you are familiar with the Audit Report?

24 A (Leone) Yes.

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

1 Q And you, I think, attested that you feel that all
2 of the projects were placed into service and were
3 used and useful in 2020, is that correct?

4 A (Leone) Yes.

5 Q And you agree with that?

6 A (Leone) Yes, I do.

7 Q Okay. Thank you. Some specific questions. On
8 Bates Page 007 of the Settlement Agreement, so,
9 I'm looking at Exhibit 20. I'll give folks a
10 moment to get there.

11 There's various charges listed for
12 "Meters", "Consumption", "Private Fire
13 Protection". And Paragraph II.f states that the
14 fluctuation in municipal fire protection rates
15 "would make it difficult for the intervenor Towns
16 of Hampstead and Atkinson to budget properly."
17 Are any of the folks on the panel aware of
18 whether any other town might be affected by these
19 changes, in addition to Hampstead and Atkinson?

20 A (Lanza) So, I can take that. Currently, Atkinson
21 and Hampstead are the two communities that we
22 provide municipal fire protection in.

23 Q Yes. But, so, there wouldn't be any secondary
24 impacts from that, to your knowledge?

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

1 A (Lanza) Not to my knowledge, I don't believe.

2 Q Okay. And then, on Bates Page 015, the next to
3 last paragraph discusses "the CIAC component of
4 the Atkinson Tank Project." That was a grant
5 from DES. Does anybody know what DES program or
6 programs those funds were affiliated with, that
7 provided the grant for the Atkinson Tank?

8 A (Lanza) As I recall, it was the Drinking Water
9 and Groundwater Trust Fund.

10 Q Okay. Thank you.

11 MR. AUGERI: Commissioner Simpson?

12 CMSR. SIMPSON: Yes.

13 MR. AUGERI: If I could just add as a
14 point clarification on that line of questioning,
15 I would refer you to and the Commission to Docket
16 18-138, which dealt specifically with the
17 Atkinson Tank. That may have further information
18 as well.

19 CHAIRMAN GOLDNER: Okay. But, in your
20 opinion, you feel that the statement is correct?

21 MR. AUGERI: Yes.

22 CMSR. SIMPSON: Perfect. Thank you.

23 BY CMSR. SIMPSON:

24 Q And then, the chart listed on Bates Page 007,

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

1 there's a number of Meter Charges and Private
2 Fire Protection Charges that are laid out. Those
3 are monthly charges, correct?

4 A (Lanza) That is correct.

5 Q Okay. Okay. And then, on the same page, so,
6 Page 7, Paragraph II.f. states "the Company will
7 also absorb the resulting revenue shortfall,
8 projected to total \$56,708 for Step I and \$33,887
9 for Step II." Can you comment on that statement?
10 What's the basis for that shortfall and the
11 assumption of it?

12 A (St. Cyr) My recollection is that the rate was
13 going to decrease for Step I, and then increase
14 for Step II. And then, rather than have it go
15 down, and then go back up, the Company agreed
16 that it would maintain it at a level place. But
17 that created a revenue shortfall, and the revenue
18 shortfall is identified here, and the Company
19 just agreed that it would put in that additional
20 money, so that the Company would have the funds
21 needed to utilize that in whatever manner.

22 Q Okay. Thank you, Mr. St. Cyr. And then, in the
23 DOE Audit Report, the October 11th Audit Report,
24 on Page 15, it said that "The Company should

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

1 adjust the depreciation expense and related CIAC
2 calculations for the Atkinson Tank easement and
3 West Side Drive land rights, pertaining to
4 Account Number 303, to reflect the proposed two
5 and a half percentage and book the entries to the
6 general ledger." Based on that Audit Report, the
7 Company agreed to that adjustment.

8 I just wanted to verify with the
9 Department that, in your perspective, that issue
10 has been addressed, or is there an outstanding
11 issue?

12 A (Leone) Based upon the Department's review, that
13 issue is no longer outstanding.

14 Q Okay. Thank you. And a similar question on
15 Page 16, for Audit Issue 2, your recommendation
16 was that "The Company should provide
17 documentation or an explanation in support of the
18 filed amounts versus the general ledger or adjust
19 the accumulated depreciation on the filing
20 schedule to reflect actual amount booked to the
21 general ledger."

22 Has that also been addressed, or is
23 there an outstanding issue?

24 A (Leone) To the best of my knowledge, that has

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

1 been addressed. It's something I could possibly
2 discuss with the Audit Division. But I believe
3 that, as of this time, it has been resolved.

4 Q Okay. So, you don't have any concerns then with
5 that at this time?

6 A (Leone) No, I do not.

7 CMSR. SIMPSON: Okay. Thank you. I
8 don't have any further questions, Mr. Chairman.

9 CHAIRMAN GOLDNER: Thank you. I have
10 nothing further.

11 We can return to Mr. Augeri for any
12 redirect of the witnesses?

13 MR. AUGERI: We do not have any
14 redirect. Thank you, Mr. Chairman.

15 CHAIRMAN GOLDNER: Okay. And, Ms.
16 Schwarzer, any redirect from the Department?

17 *[Atty. Schwarzer and Dir. Laflamme*
18 *conferring.]*

19 MS. SCHWARZER: No thank you, Mr.
20 Chairman. We're all set.

21 CHAIRMAN GOLDNER: Thank you very much.
22 I'll thank the witness panel for your time today.
23 The witness panel is excused. Thank you.

24 CMSR. SIMPSON: Thank you.

1 CHAIRMAN GOLDNER: And, once the
2 witness panel has relocated, we'll invite Ms.
3 Steele to the witness box.

4 [Short pause.]

5 CHAIRMAN GOLDNER: Thank you. I'll let
6 you get settled in.

7 Is there any -- as a *pro se* witness,
8 did you have any questions that you wanted to
9 answer in direct or would you prefer to go
10 directly to cross-examination from the parties?

11 MS. STEELE: I'm not sure I'm
12 following?

13 CHAIRMAN GOLDNER: In other words, --

14 MS. STEELE: I just have a statement
15 that I have prepared that I'd like to read that
16 has some questions in it. And then, I'd look for
17 your guidance at that point.

18 CHAIRMAN GOLDNER: Okay. Just a
19 moment. Let me --

20 MS. FABRIZIO: Yes.

21 CHAIRMAN GOLDNER: Yes. Yes, that's
22 fine with the Commissioners. Please proceed.

23 MS. STEELE: I'm new to this, I'm
24 sorry.

[WITNESS: Steele]

1 CHAIRMAN GOLDNER: No. No problem.

2 Thank you.

3 MS. STEELE: Good afternoon, Mr.

4 Chairman. Thank you for this --

5 *[Court reporter interruption regarding*
6 *the need to swear in the witness.]*

7 CHAIRMAN GOLDNER: Yes. Please swear
8 her in, yes.

9 *(Whereupon **KAREN STEELE** was duly sworn*
10 *by the Court Reporter.)*

11 CHAIRMAN GOLDNER: And, Ms. Steel, I'll
12 just say, before you give your statement, the
13 stenographer would request sort of slowing down
14 as much as possible. Thank you.

15 WITNESS STEELE: Okay. Thank you.

16 **KAREN STEELE, SWORN**

17 **DIRECT EXAMINATION STATEMENT**

18 WITNESS STEELE: Thank you for the
19 opportunity to speak today. We at Atkinson are
20 very happy to have this pipeline bring clean,
21 drinkable water to Plaistow, and, along the way,
22 to more of southern New Hampshire. We are even
23 more pleased that HAWC has agreed to purchase
24 250,000 gallons per day from Manchester, and that

[WITNESS: Steele]

1 they have to sell that water first, before
2 selling Atkinson's precious groundwater. This
3 allows our aquifers to recharge, so that our
4 private wells do not run dry, as they did in
5 Hampstead, when HAWC overpumped its wells there.

6 The Pipeline Agreement is presented in
7 Exhibit 22, and Bates 02 shows the parties who
8 agreed. They are the Towns of Manchester, Derry,
9 Windham, Salem, Plaistow. Towns impacted by this
10 pipeline all approved this Agreement, except for
11 Atkinson and Hampstead; they had no voice.

12 Instead, HAWC, a for-profit, privately held water
13 company, was allowed to sign the Agreement and
14 force the Towns of Atkinson and Hampstead to
15 support and subsidize the spending. As per my
16 previous testimony, this spending would not have
17 been necessary if HAWC didn't beef up its
18 infrastructure to provide for its parent company,
19 Lewis Builders, to build massive developments at
20 their sister company, Atkinson Country Club.

21 The permanent rate increase approved by
22 this body last June alone increased Atkinson's
23 entire municipal budget by over 3 percent.

24 If I may direct your attention to the

[WITNESS: Steele]

1 Pipeline agreement, again Exhibit 22, but Bates
2 013, under the "Other", in the third bullet,
3 "HAWC shall ensure a 250,000 gallons per day
4 minimum use of the Project water calculated as
5 the six month...period of January 1 to June 30th,
6 and within the six-month period of July 1 and
7 December 31, throughout Phase 1 and continuing
8 for the term of the Agreement."

9 As a reminder, the water comes from
10 Manchester, goes through Derry and Salem. From
11 Salem, it enter's HAWC's system in Atkinson, and
12 then flows to Plaistow.

13 Per the Agreement, HAWC agreed to
14 consume 250,000 gallons per day, which is 7.5
15 million gallons per month. From the reported
16 consumption data in DES, in New Hampshire
17 Department of Environmental Sciences -- or,
18 Services' OneStop, summarized in Exhibit 21,
19 which is Bates 004, and, again, the three
20 previous pages are screen grabs to verify the
21 data that is in DES OneStop, and that data is
22 provided by both HAWC and by HAWSCO. You can see
23 that, for the first two years, HAWC was only
24 consuming an average of 91 percent of that

[WITNESS: Steele]

1 amount -- excuse me -- an average of 91 percent
2 of that amount.

3 Water started flowing to Plaistow in
4 August 2022. It is unclear why we do not have
5 Plaistow water volume consumption for August and
6 September of 2022, or when 2023's Q1 water
7 volumes will be submitted to and be available to
8 the DES. Per Plaistow's 2022 Annual Report,
9 Plaistow has partnered with HAWSCO, another
10 sister company of HAWC, to be their Plaistow
11 Water Operator.

12 You can see that, for the three months
13 of Plaistow water data that we do have, that HAWC
14 was only consuming 53 percent, 73 percent, and 74
15 percent of the 7.5 million gallons per month
16 agreement. I argue then that the \$892,500 MSDC
17 Charge is not used and useful. I'd like to
18 understand why HAWC is not honoring this
19 agreement.

20 I recommend that you reduce the
21 892,500 by 25 to 47 percent, thereby reducing the
22 Step I increase to ratepayers, or impose a
23 penalty if HAWC continues to not honor their
24 agreement consuming the 7.5 million gallons per

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[WITNESS: Steele]

1 day [month?].

2 As mentioned, it is my preference that
3 HAWC consume and sell the 7.5 million gallons per
4 month, so that they need less of Atkinson's
5 groundwater, but I don't know how to ensure that
6 HAWC honors that agreement, since the Town of
7 Atkinson is not a signing member of the Pipeline
8 Agreement.

9 Thank you.

10 CHAIRMAN GOLDNER: Okay. Thank you,
11 Ms. Steele.

12 We'll move to any questions that the
13 Company would have for Ms. Steele?

14 MR. AUGERI: Thank you.

15 I guess we'd start with a general
16 objection. And it's tough to piece out, because
17 it's not a Q&A, but rather a statement. But, in
18 a preliminary matter, there was reference in her
19 testimony to a "Plaistow Annual Report" that is
20 not before the Commission right now. We went
21 from the exhibit, which is Bates 004, which
22 clearly shows averages of 90 percent, 120
23 percent, 80 percent, and 73 percent, to testimony
24 that was talking about "50 percent" and "40

[WITNESS: Steele]

1 percent".

2 She is certainly not qualified as an
3 expert before this panel. I'm not sure where
4 those numbers are coming from. We've already
5 lodged an objection as to where even these
6 numbers in Exhibit 21, Bates 004, come from. And
7 now, we've just been given a fresh set of numbers
8 that goodness knows where they come from, and
9 nothing before the Commission to vet or to
10 cross-examine.

11 So, for those reasons, I would object
12 and move to strike that part of the testimony
13 that deviates from anything before the Commission
14 and the exhibits.

15 CHAIRMAN GOLDNER: Okay. Any comments
16 from the Department of Energy or the Towns?

17 MS. SCHWARZER: Mr. Chairman, it sounds
18 to me as if the witness's statements pertain to
19 2021 and 2022. And, so, we would renew our
20 objection on the basis that the only relevant
21 consideration for Step I is information from
22 2020.

23 We take -- there's no one here to
24 interpret the Agreement that the witness asserts

[WITNESS: Steele]

1 has been violated or that the Company has acted
2 contrary to. And, certainly, I don't think
3 anyone -- certainly, the Department's not
4 prepared to make a statement or with evidence to
5 address those points at this time.

6 CHAIRMAN GOLDNER: But you would also
7 request to strike that portion of the testimony?

8 MS. SCHWARZER: Yes. Thank you, Mr.
9 Chairman.

10 And, finally, to the extent that it
11 seems that Ms. Steele is addressing her concern
12 that the -- what is basically a participation fee
13 that allows HAWC to be part of this
14 Interconnection Agreement, to the extent that she
15 believes that it's not used and useful, I believe
16 those arguments were raised at the hearing on
17 permanent rates. They were summarized in the
18 Commission's order, and the Commission approved
19 the Settlement Agreement, which included the
20 Company's purchase of Manchester Source
21 Development Charge, MSDC, capacity credits from
22 the Manchester Water Works in 2020, as reflected
23 in the testimony that you've already heard from
24 the panel.

[WITNESS: Steele]

1 CHAIRMAN GOLDNER: Okay. Thank you.

2 MS. SCHWARZER: Thank you.

3 CHAIRMAN GOLDNER: Do the Towns have
4 any comments?

5 *[Ms. Warnock and Mr. Apple indicating*
6 *in the negative.]*

7 CHAIRMAN GOLDNER: Okay. Mr. Augeri,
8 could you please repeat the portion of the
9 testimony that you're recommending be struck?

10 MR. AUGERI: Yes. Certainly, Mr.
11 Chairman. That would be the portion of the
12 testimony that threw out percentages that
13 referenced a "Plaistow Annual Report" that is not
14 before the Commission, and everything essentially
15 that flowed from it, including the request to
16 reduce the MSDC fee by whatever that percentage
17 was.

18 And I apologize, but it's the first we
19 had heard of it.

20 I would also, in addition to joining
21 the objection for any testimony that related to
22 years 2021 and 2022, I would also remind the
23 Commission that the Agreement itself was approved
24 as part of Docket 19-147, to which, to my

[WITNESS: Steele]

1 knowledge, Ms. Steele was not a participant. But
2 I guess it's more of a general objection, for her
3 participation here, because I'd remind the
4 Commission that her intervenor status in this
5 docket was strongly conditioned, although not
6 made exclusive, to work with the Town of
7 Atkinson, who is a signatory to this Settlement
8 Agreement that is before the Commission. The
9 Commission has taken testimony that the public
10 fire protection, which is the lion's share of, if
11 not all of, any impact to the Towns is zero in
12 this Step I Settlement Agreement that is before
13 you.

14 So, to the extent that the taxpayer
15 status, I guess, is still in play may have zero
16 bearing on what is before the Commission right
17 now.

18 CHAIRMAN GOLDNER: Okay. Thank you. I
19 think what would be constructive at this point,
20 Mr. Augeri, and also Ms. Schwarzer, understanding
21 your concerns and objections and requests to
22 strike, which the Bench will consider, is I think
23 what would be constructive is to maybe ask the
24 witness some questions relative to -- relative to

[WITNESS: Steele]

1 '21, '22, and the Plaistow issue, and perhaps
2 that would be helpful to put on the record your
3 concerns in that format.

4 So, maybe, Mr. Augeri, if you could
5 direct your questions at the witness, and so we
6 can -- we can put these issues on the record with
7 the witness having an opportunity to comment.

8 MS. SCHWARZER: Mr. Chairman, if I
9 might?

10 CHAIRMAN GOLDNER: Yes.

11 MS. SCHWARZER: With regard to 2021 and
12 2022, --

13 CHAIRMAN GOLDNER: Yes.

14 MS. SCHWARZER: -- that seems relevant
15 to Step II.

16 CHAIRMAN GOLDNER: Right.

17 MS. SCHWARZER: But we object to it
18 being discussed or the subject of this Step I
19 adjustment. So, I'm a bit strained --

20 CHAIRMAN GOLDNER: We can wait to -- we
21 can wait till Commissioner questions. What I'm
22 trying to do is just establish that we, in the
23 step, we should only be talking about 2020.
24 There seems to be some confusion about the

[WITNESS: Steele]

1 numbers. And, with the witness, I was just
2 providing the opportunity for the parties to
3 question the witness.

4 We can wait till Commissioner
5 questioners and address it that way, if you wish.
6 But, if you'd like to ask the witness some
7 questions, it would be a good opportunity.

8 MS. SCHWARZER: I'm just --

9 MR. AUGERI: I guess I'm joining the
10 DOE, in that I'm struggling how we can ask
11 questions about subject matter that we think
12 should be --

13 CHAIRMAN GOLDNER: Should be excluded.

14 MR. AUGERI: -- entirely excluded.

15 CHAIRMAN GOLDNER: Right.

16 MR. AUGERI: I mean, perhaps flesh out
17 more of the 2020.

18 But I think, as you had raised, perhaps
19 it would be more efficient to go to the
20 Commissioner questions first, and then we can
21 gain a little bit more bearing on where the
22 Commission would like to go, and take it from
23 there.

24 MS. SCHWARZER: I'm happy to ask one

[WITNESS: Steele]

1 question, Mr. Chairman.

2 **CROSS-EXAMINATION**

3 BY MS. SCHWARZER:

4 Q Ms. Steele, would you please, with regard to
5 Exhibit 21, could you explain whether you
6 authored the table that appears on Bates
7 Page 004?

8 A Yes, I did. The columns of the month here, the
9 water "From Salem to HAWC" and "From HAWC to
10 Plaistow", that has all been replicated
11 identically from the data directly from the DES
12 OneStop site.

13 And then, I simply subtracted the water
14 that goes into HAWC from Salem, subtracted the
15 Plaistow, that water that was consumed, that went
16 from HAWC to Plaistow, so that that column, that
17 next column is the actual water consumed by HAWC.

18 Q And, when you said that you "took the information
19 from the DES website", did you take the
20 information from the pages that you've provided
21 here or other pages as well?

22 A Quite honestly, from DES OneStop, you can
23 download it into Excel. I downloaded it into
24 Excel. But, for explanation, I wanted to share

[WITNESS: Steele]

1 exactly how you can get the data from DES, and to
2 demonstrate that, that it is all legitimate data.
3 You can see the exact numbers that I've
4 highlighted in the red boxes are the same numbers
5 on the spreadsheet, which is Bates 004 that I
6 created.

7 Q So, not all the pages from the DES website that
8 you used to download data are included here, is
9 that correct?

10 A No, they're all there. The data is, on
11 Bates 002, shows the data from Plaistow,
12 "Transferred Water", it says "Plaistow Water
13 Department transferred water". So, that is the
14 water from HAWC to Plaistow. And then, on
15 Bates 003 are the three years of the annual usage
16 data from the water that Salem transferred to
17 HAWC.

18 Q And it appears that these pages were printed out
19 on March 23rd, 2023, I can see in the upper
20 right [left?] hand section of Bates 002 and Bates
21 003, is that correct?

22 A Correct. I wanted the most up-to-date data.

23 MS. SCHWARZER: So, without in any way
24 agreeing that what you presented is accurate or

[WITNESS: Steele]

1 otherwise endorsing it, I appreciate your
2 explanation of where Page 4 came from. Thank
3 you.

4 WITNESS STEELE: You're welcome.

5 CHAIRMAN GOLDNER: Thank you. Perhaps
6 the most efficient method, if we can move to
7 Commissioner questions, and then circle back.

8 So, Commissioner Simpson, please
9 proceed.

10 CMSR. SIMPSON: Okay. Thank you, Ms.
11 Steele, for being here.

12 BY CMSR. SIMPSON:

13 Q So, just so I understand the concern that you're
14 raising, you've testified that HAWC leveraged
15 local water supply heavily in the Town of
16 Hampstead, and that there were issues from the
17 amount of water that they pumped from the ground,
18 is that correct?

19 A That's correct. I presented that at my testimony
20 at the last hearing.

21 Q And the Agreement that you've petitioned for
22 submission as "Exhibit 22" is with respect to the
23 Southern New Hampshire Regional Water
24 Interconnection Project, where HAWC, as a party,

[WITNESS: Steele]

1 stated that they would purchase water supply from
2 Manchester Water Works, correct?

3 A Correct.

4 Q So, you are focused on them purchasing the amount
5 that they said they would purchase under this
6 Agreement from Manchester, as opposed to
7 obtaining water supply from local aquifers in the
8 Town of Atkinson?

9 A Correct.

10 Q Okay. Have you reached out to Manchester Water
11 Works or the New Hampshire Department of Justice
12 that authored this Inter-Department Communication
13 regarding this issue?

14 A Yes. And I've reached out to Senator Chuck
15 Morse, who is the angel who helped put this whole
16 project together. I've talked to several people
17 at DES. I have not spoken to anybody at DOJ.

18 But I've been told, since the Town of
19 Atkinson is not a participant, a signer of this
20 Agreement, that the Town of Atkinson has no
21 authority. I've asked the DES, the DES said they
22 have no authority, because they didn't sign the
23 Agreement. And Manchester said that, you know,
24 they would not dispute it. And I was told that

[WITNESS: Steele]

1 my only option was to come to the PUC.

2 Q Okay. Who told you that?

3 A DES, as well as Manchester Water Works.

4 Q And do you -- or, are you aware of the scope of
5 why we're here today, the Petition for the Step I
6 Adjustment?

7 A Correct.

8 Q With respect to capital placed into service in
9 the year of 2020, and costs associated with the
10 MSDC?

11 A Yes. I'd like to correct the record on that.
12 The "MSDC" stands for "Merrimack Source
13 Development Charge". So, the money that each of
14 the water companies are paying --

15 Q Uh-huh.

16 A -- goes to create an additional source on the
17 Merrimack River. Happens to be up in Hooksett.
18 And, so, that is what they are building, to go
19 towards and create Phase II. They will then be
20 pumping 7.15 million gallons per day out of the
21 Merrimack River, in Hooksett. And that is where
22 the MSDC goes to.

23 So, yes. So, what HAWC did is they
24 spent \$892,500 in 2019, and committed, per the

[WITNESS: Steele]

1 Agreement, to buy the 250,000 gallons a day.

2 And, so, my argument one, my objective,
3 would be for them to actually purchase and sell
4 that much water, so that our aquifers in Atkinson
5 can recharge. But, because that 892,500 is not
6 currently being used 100 percent, then I'm saying
7 it isn't, I'm learning the terminology at the
8 PUC, it's not used and useful.

9 Q So, would you foresee that successful completion
10 and implementation of the MSDC Project would
11 provide an additional water source to HAWC?

12 A So, the MSDC, the source came about is they paid
13 \$3.57 per gallon. So, they committed to the
14 250,000, that's where the 892,500. So, if
15 they're not using a full 250,000 gallons per day,
16 then they're not fully using the \$892,500 that
17 they spent. That's my argument.

18 CMSR. SIMPSON: Mr. Augeri, do you have
19 any comments on that?

20 MR. AUGERI: Where to begin? This is
21 the subject of a full docket. The Agreement, the
22 basis for the agreement that became the Southern
23 Interconnection Agreement that is now before the
24 Commission as Exhibit 22, under Docket 19-147,

[WITNESS: Steele]

1 the DES and the Groundwater Trust Fund submitted
2 numerous exhibits, all of which was that we had
3 to get permission from this Commission to sign
4 the Agreement. So, all of the details were fully
5 vetted and presented to the Commission, including
6 the MSDC fee, which was not a piecemeal option
7 for the Company. It was "If you participate,
8 this is the fee." That's how it works. You
9 don't say "Okay, well, it's 890" -- "We told you
10 it was 892,000, you could take 240,000 gallons,
11 so, pay us the difference", or anything of that
12 nature.

13 To the contrary, what happens is,
14 they're concerned about excess, because they have
15 to plan for their own, this is their excess
16 capacity that they're sharing with all of these
17 towns, all of these water systems, which, a
18 correction for the record, it's not just towns,
19 Pennichuck, and two of Pennichuck companies were
20 involved in this Agreement. But it's that they
21 have to manage this entire project to wheel the
22 water ultimately down to Plaistow, which needed
23 it. They had contamination issues, they had
24 water quality issues.

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1 All of this was presented, including
2 DES exhibits, and the explanation for why it was
3 framed this way. Before we entered into the
4 Agreement, the Commission approved it, we signed
5 it, and that's how we came to be.

6 So, in terms of this "we're not using
7 the full fee" nature, that was presented to us,
8 there is no option for it from the MSDC fee, as
9 presented by DES, which was the quarterback of
10 the entire Agreement.

11 Although, they, as Ms. Steele correctly
12 notes, they didn't sign it, but they had to
13 approve through Governor & Council, and the like,
14 and that's the Agreement that is before you now.

15 CMSR. SIMPSON: And do you any comments
16 with respect to HAWC's purchases, and the
17 information that's been testified to in what
18 we're contemplating as Exhibit 21?

19 MR. AUGERI: I guess we could -- as an
20 initial matter, Page 4 being created from, and I
21 still don't see how it's created from Pages Bates
22 numbers 001, 002, and 003 of Exhibit 21, because
23 Bates 004 goes into monthly totals, and there's
24 no reference in the preceding three pages from

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1 the DES OneStop document that's before the
2 Commission that is Ms. Steele's exhibit, that
3 talks anything about what consumption was in any
4 particular month.

5 And, again, that's putting aside the
6 already objection that we shouldn't be talking
7 about 2021 and 2022 numbers for Step I, which is
8 solely based on 2020. But, even Page 4, talking
9 about July '20, --

10 CMSR. SIMPSON: Yes.

11 MR. AUGERI: -- August '20, September
12 '20, there's nothing that talks about August,
13 September, October of 2020 in the preceding three
14 pages.

15 So, certainly, I think that amplifies
16 the concerns, and supports the objection of the
17 Company as to why this should not be considered
18 and/or stricken, including the related testimony,
19 because there's just no way to test the voracity
20 of it, and there's no causal connection. Let
21 alone the off-the-cuff comments that we've
22 mentioned before about, you know, "Town of
23 Plaistow Annual Reports" that are not before us.

24 WITNESS STEELE: May I comment on some

[WITNESS: Steele]

1 of that?

2 CMSR. SIMPSON: Sure.

3 WITNESS STEELE: Absolutely all of the
4 volume numbers are on Bates 002 and 003 at the
5 bottom of the page. So, I've highlighted it in a
6 red box. So, on Bates 002, you can see, at the
7 very bottom, it has a red box around "2022", and
8 you've got the twelve months of the year. And we
9 only have data there for October, November, and
10 December, and that is the Plaistow water. So,
11 that is the water that HAWC sent to Plaistow for
12 those three months.

13 On Bates 003, again, at the bottom, --
14 BY CMSR. SIMPSON:

15 Q Why does it say "Salem Water Works"?

16 A On Bates 002 or Bates 003?

17 Q On Bates 003.

18 A Bates 003, is because it is water from Salem,
19 going to HAWC. So, again, water goes from Salem
20 to HAWC to Plaistow. So, I get the water that
21 comes from Salem to HAWC, so what HAWC receives,
22 I subtract out what HAWC sends to Plaistow, and
23 then I have what HAWC consumed.

24 Q Uh-huh.

[WITNESS: Steele]

1 A And, so, on the bottom of Bates 003, we have all
2 of the water that HAWC received from Salem for
3 the years 2020, starting in Aug -- actually, in
4 July, and going all the way through December of
5 2022. It is those numbers in those red boxes
6 that are in that column identically on the
7 spreadsheet that I created.

8 Q Do you know why there are not applicable values
9 from January through June?

10 A For which?

11 Q For 2020. We're just talking about 2020, on
12 Bates 003?

13 A Oh. The pipeline from Salem to HAWC started
14 August 25th. And there must be volume in July
15 because of flushing or something like that. You
16 would need to talk to Mr. Lanza about that.

17 Q So, then, let's go back to what you've marked as
18 "Exhibit 22". Point us to the obligation that
19 you've alleged the Company hasn't met?

20 A They should be purchasing 7.5 million gallons per
21 month.

22 Q Can you just point us to that please in this
23 document?

24 A Sure. On Exhibit 22, Bates 013, under "Other",

[WITNESS: Steele]

1 the third bullet, "HAWC shall ensure 250,000
2 gallons per day minimum use of Project water
3 calculated as the six month average within the
4 period of January 1 to June 30th, and within the
5 six month period of July 1 to December 31st,
6 throughout Phase 1 and continuing for the term of
7 the Agreement."

8 And I don't think HAWC has ever denied
9 that they were required to buy the 250,000
10 gallons per day and to sell that first, before
11 they sold any of Atkinson's groundwater. I've
12 been directed to you to help with trying to get
13 them to honor that Agreement, as Atkinson doesn't
14 have any authority to do that.

15 CMSR. SIMPSON: Does the Department
16 have any comments at this point?

17 MS. SCHWARZER: Mr. Chairman, this is
18 somewhat irregular. If I -- our witness would be
19 prepared to testify, as I believe the Company
20 witnesses are prepared to testify, about the role
21 of the volume of water that was purchased
22 pursuant to this Agreement, as it impacted or was
23 contemplated in advance for the framework of the
24 Step I Adjustment.

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1 I'm hesitant to comment on whether an
2 Agreement is or is not -- if someone is or is not
3 in violation of an Agreement, because we're not a
4 party to that Agreement, and there may be
5 circumstances that are relevant to that
6 consideration. And it's really not part of what
7 was contemplated in Step I. But I don't know if
8 that is helpful to you at this time.

9 We'd be happy to present a witness to
10 talk about the role of water quantities in 2020,
11 and how that was considered as part of the Step I
12 Adjustment.

13 *[Short pause.]*

14 MS. SCHWARZER: And, if I might, Ms.
15 Steele has been an intervenor for some time.
16 There were opportunities to participate in
17 technical sessions and opportunities for data
18 requests that I don't believe she availed herself
19 of to address these issues. It does not mean
20 that she cannot come forward at this time, but it
21 is challenging and difficult to hear her argument
22 on the fly.

23 MR. AUGERI: Commissioner Simpson, if I
24 could just add to that a little bit?

[WITNESS: Steele]

1 CMSR. SIMPSON: Sure.

2 MR. AUGERI: We would actually say that
3 she did fully avail herself to this very issue.
4 Part of the Morning transcript from the Hearing
5 on Permanent Rates that discuss this, were
6 specified by Ms. Steele, talking about the
7 250,000 gallon purchase. And I would direct the
8 Commission to Pages 75 through 85 of that Morning
9 testimony, because I know there was a split
10 transcript.

11 There was full opportunity to consider
12 these issues. They were -- the Company not only
13 had the present consultant, Mr. St. Cyr, and Mr.
14 Lanza available to testify, but also a cost of
15 service study expert that was retained, the
16 Department's cost of service expert that vetted
17 all of these numbers that were considered, and
18 that were ultimately approved by the Commission
19 in Order 26,635. She has already testified about
20 this.

21 It strains how we have, and I agree
22 with -- I should strike that. I agree with the
23 Department of Energy's attorney, it's very
24 difficult to address things on the fly. And

[WITNESS: Steele]

1 especially, such as documents that have already
2 been -- let alone with the voracity of the
3 documents that were included and provided to the
4 Commission, but referencing other documents from
5 other dockets or that aren't part of the docket,
6 to be able to do that here, when we're in a
7 settlement that has, you know, the -- has met all
8 of the prerequisites from Order 26,635, has been
9 vetted by the Department of Energy Audit
10 Division, who has submitted a report which is
11 before this Commission.

12 And we would submit that, while the
13 arguments that may -- and concerns that are
14 before the Commission now, the Company would
15 assert they have been raised, they have been
16 addressed, and they are the subject of an order.
17 And we do need to, at some point, move on, and
18 that would be the Company's position. And that
19 the Agreement be allowed and approved. It's
20 been, you know, this -- and this testimony that
21 I'm referring you to is going on a year ago,
22 May 22nd of 2022, for clarification.

23 WITNESS STEELE: If I might, the data
24 originally that DES, Andrew Koff, sent to me, the

[WITNESS: Steele]

1 numbers were drastically lower. And it showed
2 that HAWC was only consuming about 12 to 15
3 percent of the 7.5 million gallons. So, DES
4 reached out to HAWC, I'm not sure who, and they
5 identified that they were sending data in the
6 wrong units. HAWC was sending data in ccf,
7 instead of gallons. So, that data was updated,
8 and that's why this data was only refreshed just
9 a few weeks ago, to be honest. And the Plaistow
10 volume data, I was only able to get that after I
11 asked DES, and they reached out to HAWSCO, and
12 then HAWSCO then provided at least those three
13 months of data. So, it is --

14 CMSR. SIMPSON: Who is "HAWSCO"?

15 WITNESS STEELE: It is "Hampstead Area
16 Water Service Company".

17 CMSR. SIMPSON: Oh, a service company.

18 WITNESS STEELE: It's a sister company
19 of HAWC.

20 CMSR. SIMPSON: Thank you. Yes.

21 WITNESS STEELE: And, so, the data is
22 very fresh. But, again, the data has all been
23 submitted by the Company, to DES. I am pulling
24 the data from DES that they submitted, and I'm

[WITNESS: Steele]

1 analyzing it and presenting it.

2 MS. SCHWARZER: Mr. Chairman and
3 Commissioner Simpson, if I could provide an offer
4 of proof, that I would certainly be able to put a
5 witness on to explain as well.

6 The Step I calculations were based upon
7 the actual water provided during the period of
8 August 2020 through December of 2020. And those
9 quantities were anticipated and considered during
10 the permanent rates, when the structure and the
11 cap were put in place for what would be allowed
12 at Step I.

13 Our witness would testify that the
14 consumption amounts were taken from the Company's
15 2020 Annual Report, which is on the Commission
16 website. I believe it's Page 90 of 96. And that
17 those numbers were used in reviewing the expenses
18 that ought to be incorporated into Step I.

19 There was a delay in the -- based upon
20 information and belief, the system did not become
21 operable until late August. And, so, the Company
22 could not take water before that period in time.
23 While, based on information and belief, while the
24 average consumption was something short of the

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[WITNESS: Steele]

1 250,000 gallons per day, had -- but was
2 relatively close, say, 220 to 230,000 gallons a
3 day, had the consumption been higher, the cap for
4 Step I would have been higher, had the
5 consumption -- or we probably, reasonably, in the
6 terms of what was agreed upon would have been
7 higher, and had the actual consumption been
8 lower, the Step I Adjustment here would have been
9 lower.

10 CMSR. SIMPSON: Okay. So, then, in the
11 Department's view, the volume taken under the
12 Southern New Hampshire Regional Water
13 Interconnection Project is reflected in the
14 amount put forth in the base rate case Settlement
15 Agreement and the dollar amount for this Step I,
16 is that what you've stated?

17 *[Atty. Schwarzer and Mr. Leone*
18 *conferring.]*

19 MS. SCHWARZER: Mr. Commissioner?

20 CMSR. SIMPSON: Yes.

21 MS. SCHWARZER: There seems to be a
22 confusion between the MSDC Charge and the Water
23 Consumption Charge. I believe the MSDC Charge is
24 something like a demand charge, and then the

[WITNESS: Steele]

1 Water Consumption is --

2 CMSR. SIMPSON: Volumetric.

3 MS. SCHWARZER: Volumetric, yes. But I
4 believe both have been contemplated in the Step I
5 Adjustment.

6 CMSR. SIMPSON: Okay. Thank you. I'll
7 just ask Mr. Augeri.

8 Do you feel that the Company is meeting
9 their obligations under this Agreement that was
10 entered into with Derry, Plaistow, Windham,
11 Salem, MWW?

12 MR. AUGERI: Yes. And I would also
13 confirm that the -- all of the schedules, and
14 what ultimately is the Settlement Agreement
15 before you, were all based on actual charges that
16 were, as Department of Energy alluded to, so they
17 are accurate, because if they -- yes, and they're
18 accurate, and what's incorporated into the
19 schedules before you.

20 CMSR. SIMPSON: So, you don't contest
21 the validity of the document that the witness has
22 submitted and marked as "Exhibit 22", correct?
23 You believe that this is -- this is the
24 Agreement?

[WITNESS: Steele]

1 MR. AUGERI: We believe it's the
2 Agreement.

3 CMSR. SIMPSON: Okay. And then, --

4 MR. AUGERI: It was more of a
5 procedural, we know it was actually submitted in
6 a previous document [docket?]. That's all.

7 CMSR. SIMPSON: Understood. So, then,
8 the question of "shall ensure 250,000 gallons per
9 day, using the six month average within each
10 period, July 1st to December 31st", do you have
11 any comment on that? Do you feel the Company is
12 meeting that obligation or met that
13 obligation? Do you --

14 MR. AUGERI: As -- I'm sorry, I cut you
15 off.

16 CMSR. SIMPSON: Or, do you have reason
17 to believe that you're not purchasing what you
18 said you'd purchase?

19 MR. AUGERI: No. We're -- again, it
20 would be an offer of proof, we can redirect, the
21 panel can go into this in more detail, but we are
22 meeting our obligation. The Agreement was based,
23 as they will testify to, partially for
24 engineering purposes, because it's structured as

[WITNESS: Steele]

1 "the Company must take 250,000 gallons, but no
2 more than 250,000 gallons." And realistic --
3 that's just not a realistic, you know, you need
4 to hit it on the nose, which is why the language
5 was structured to be a rolling average. And
6 that's why it's a six-month average partially,
7 but, mostly, that is in for engineering.

8 And then, I would add that people that
9 would need to enforce this would be the parties,
10 you know, ultimately, it's Manchester, you know,
11 because they're the ones supplying the water.
12 But anyone along that line, if they believed
13 there was anyone not performing their obligations
14 under the Agreement, would then raise that as a
15 dispute. And then, there's a whole "dispute"
16 provision in the Agreement, that was
17 contemplated, it's a multistep process.

18 So, it's, as I think was alluded
19 before, it's close, but it's near impossible to
20 get with mathematical precision exactly 250,000
21 gallons a day on a six-month average as written;
22 that was more done for engineering purposes.

23 CMSR. SIMPSON: Okay. Thank you,
24 everybody. Thank you for testifying today,

[WITNESS: Steele]

1 Ms. Steele.

2 I don't have any further questions for
3 Ms. Steele at this time.

4 CHAIRMAN GOLDNER: The Chair has no
5 additional questions. Would anyone else like to
6 ask Ms. Steele any final questions? And then,
7 Ms. Steele, I'll give you a chance to make a
8 final statement, if you like, after I've checked
9 with all the parties. Any other questions for
10 Ms. Steele?

11 MS. SCHWARZER: No questions, Mr.
12 Chairman. Thank you.

13 CHAIRMAN GOLDNER: Okay. And,
14 Ms. Steele, just if you'd like to make any final
15 comment, you --

16 CMSR. SIMPSON: No questions from the
17 Company?

18 CHAIRMAN GOLDNER: No questions?

19 MR. AUGERI: Oh, I'm sorry. No further
20 questions, yes.

21 CHAIRMAN GOLDNER: Yes. If you have
22 any final comments, please feel free to make
23 them, Ms. Steele.

24 WITNESS STEELE: No. I think, with

[WITNESS: Steele]

1 your questioning, I was able to get out my point
2 to my argument. Again, my -- as an Atkinson
3 resident, we're trying to protect our
4 groundwater. We don't want to happen to our
5 private well owners what happened up in
6 Hampstead.

7 And the fact that they agreed to the
8 seven and a half million gallons per month, we
9 just want to make sure that they consume the
10 seven and a half million first, before they start
11 pumping Atkinson's groundwater.

12 And that's my objective, and I look to
13 you for help.

14 CHAIRMAN GOLDNER: Okay. Thank you,
15 Ms. Steele. The witness is excused. You can
16 return to your hopefully more comfortable seat.

17 Just a moment.

18 *[Chairman Goldner and Cmsr. Simpson*
19 *conferring.]*

20 CHAIRMAN GOLDNER: Okay. So, let's
21 move on to any closing statements that the
22 parties wish to make, beginning with the Company.

23 And, if you could, Mr. Augeri, I know
24 I'm catching you on the fly with another issue,

1 but, if you could, and if you need to take a
2 moment, no problem, but, just in terms of
3 finalizing and wrapping up this long-standing
4 docket.

5 So far as the Commission is aware, only
6 rate case expenses remain after the Step I issue
7 has been resolved. Is there anything else that
8 we should concern ourselves with? And, if not,
9 do you have a timeline on when we can expect the
10 rate case expenses?

11 MS. SCHWARZER: Mr. Chairman, I'm sorry
12 to interrupt you, but I believe there's been a
13 discussion among the parties as to deferring rate
14 case expenses, or not, in a confidential
15 framework. And, so, I don't know how the Company
16 might answer you, to the extent that they were
17 not identified in this proceeding.

18 CHAIRMAN GOLDNER: So, I'm not sure I
19 understand. Are you saying that there may be no
20 rate case expenses filed or --

21 MS. SCHWARZER: There may be no rate
22 cases [*sic*] filed until the parties have had an
23 opportunity to discuss it at Step II, which might
24 then encompass, or not, both steps.

1 CHAIRMAN GOLDNER: Step II is a
2 separate docket, if I'm not mistaken. So, we
3 would have to resolve it in this docket one way
4 or another. I mean, unless you wanted to somehow
5 move the rate case expenses to the other docket,
6 which I suppose you could?

7 MS. SCHWARZER: Mr. Chairman, the
8 Department would prefer that the issue regarding
9 rate case expenses for Step I, if any, be rolled
10 into the other docket.

11 CHAIRMAN GOLDNER: Okay. We'll take
12 that under advisement.

13 Mr. Augeri, any comments?

14 MR. AUGERI: Mr. Chairman, that is
15 the -- you know, without getting into the
16 details, that was the agreement of the parties,
17 that there would -- that it would go to Step II,
18 and that it would not be considered for Step I.

19 CHAIRMAN GOLDNER: Okay. Okay. Thank
20 you. That's helpful.

21 So, let's move to -- let's move to --

22 MS. SCHWARZER: I'm sorry, Mr.
23 Chairman, did you want to hear rebuttal testimony
24 or --

[WITNESS PANEL: Lanza|Leone]

1 CHAIRMAN GOLDNER: I think we're
2 satisfied. I guess we'll accept rebuttal
3 testimony, if you would like to present it.

4 MS. SCHWARZER: Okay. Thank you very
5 much. I would briefly like to present it. I
6 don't know if the Company expects to do that as
7 well?

8 MR. AUGERI: I think we could put the
9 panel back up, and we can briefly address
10 rebuttal testimony.

11 CHAIRMAN GOLDNER: Sure. Let's do
12 that. Thank you.

13 *[Short pause.]*

14 *(Whereupon **CHARLIE LANZA** and*
15 ***ANTHONY LEONE** were recalled to the*
16 *stand, having been previously sworn.)*

17 CHAIRMAN GOLDNER: Okay. Please
18 proceed, Ms. Schwarzer, if you'd like to start.

19 MS. SCHWARZER: Okay. Is Mr. St.
20 Cyr -- oh, is he going to go up?

21 MR. AUGERI: We didn't plan to.

22 MS. SCHWARZER: Okay.

23 MR. AUGERI: We didn't plan to have
24 Mr. St. Cyr. Did you want me to finish with

[WITNESS PANEL: Lanza|Leone]

1 Mr. Lanza first, and then --

2 MS. SCHWARZER: Sure. That's fine.

3 Thank you.

4 **CHARLIE LANZA, Previously Sworn**

5 **REBUTTAL DIRECT EXAMINATION**

6 BY MR. AUGERI:

7 Q Mr. Lanza, if you could just please reintroduce
8 yourself for the Commission?

9 A (Lanza) My name is Charlie Lanza, General Manager
10 for the Hampstead Area Water Company.

11 MR. AUGERI: And, just as a point of
12 procedure, does he need to be resworn in or is
13 it --

14 CHAIRMAN GOLDNER: No.

15 MR. AUGERI: Okay. Good.

16 BY MR. AUGERI:

17 Q I'm going to forward you to Exhibit 22. Do you
18 know what that is?

19 A (Lanza) So, I do not have Exhibit 22 in front of
20 me right now.

21 *[Witness Leone handing document to*
22 *Witness Lanza.]*

23 **BY THE WITNESS:**

24 A (Lanza) Thank you. Yes. I'm aware of what this

[WITNESS PANEL: Lanza|Leone]

1 is.

2 BY MR. AUGERI:

3 Q Okay. And what is that?

4 A (Leone) This is -- it appears to be a copy of the
5 Southern Interconnect Agreement.

6 Q And can you briefly describe what that Agreement
7 was?

8 A (Lanza) Sorry, can you repeat that?

9 Q Yes. Just give us a brief description of what
10 the Agreement -- what is it?

11 A (Lanza) The Southern Interconnect Agreement is an
12 agreement between multiple parties, mostly
13 municipalities, Salem, Derry, Manchester, among
14 others, and Pennichuck and Hampstead Area Water
15 Company, with the intent of getting water from
16 Manchester, down through those community towns,
17 and, ultimately, to Plaistow.

18 Q And, if you could just testify, why did the
19 Company participate and invest in this Project?

20 A (Lanza) So, there's multiple reasons that we
21 participated in this Project. Those have been
22 discussed among the other dockets that we've
23 referenced here today.

24 This project allowed the Company to get

[WITNESS PANEL: Lanza|Leone]

1 a source of water that otherwise it would not
2 have had the option to be involved with.
3 Typically, or historically, the Company has
4 relied on small bedrock water wells, that have
5 declined over time in many instances. And this
6 Project was able to provide redundancy,
7 additional capacity, operational flexibility, and
8 also was able to be a part of providing water to
9 Plaistow, which, as Tony -- or, Mr. Augeri
10 mentioned, was in great need, due to
11 contamination.

12 Q Could you just briefly talk about the investment
13 side, investment part of this participation, and
14 was there any state money involved?

15 A (Lanza) Yes. There was -- I believe it was New
16 Hampshire Groundwater and Trust Fund money
17 involved. And, had there not been a tax change,
18 there would have been nearly entirely --
19 everything would have been donated in the form of
20 CIAC, where the Company would have put out very
21 little cash. The Company ended up having to pay
22 the CIAC tax, which was a significant amount of
23 money.

24 Q And how have the Company's customers benefited as

[WITNESS PANEL: Lanza|Leone]

1 a result of this investment?

2 A (Lanza) Can you repeat that please?

3 Q Yes, sure. How have the Company's customers
4 benefited as a result of its investment and
5 participation in the Southern New Hampshire
6 Interconnection Project?

7 A (Lanza) So, it's allowed the Company to have
8 another source of water beyond the wells, like I
9 described. There's also -- it's also helpful, as
10 the water levels fluctuate seasonally,
11 additionally, it benefits well owners that are
12 not Company customers, because it reduces our
13 dependency, and provides additional operational
14 flexibility of our groundwater sources.

15 Q Is there -- you heard testimony from Ms. Steele
16 about a "minimum amount" that the Company has
17 agreed to take. Can you talk about that, and
18 also if there is a maximum amount?

19 A (Lanza) Yes. So, as previously stated, there is
20 an average day demand requirement in the SIA that
21 matches the maximum day requirement. It is an
22 odd setup in the Agreement, and it was primarily
23 done for engineering purposes. The reality is,
24 it's water flowing through pipes, and we have a

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[WITNESS PANEL: Lanza|Leone]

1 dozen or more sources that we have to blend with
2 that water and meet demands on the fly to 3,000
3 some odd customers.

4 So, while it was stated that we're not
5 meeting that 250,000 gallon average on the money,
6 we are averaging approximately 92 percent, which
7 is very close. And I also want to point out
8 that, as I recall, there is a penalty if you go
9 over the 250,000 dollar -- or, I'm sorry, gallon
10 average. So, it is a very -- it is a very hard
11 line that we are very cognizant to stay
12 underneath.

13 Q And does the Company still need to pump a certain
14 amount out of its current bedrock wells that you
15 just described?

16 A (Lanza) Yes. So, we are required, if a source is
17 active, we have to sample it on a regular basis,
18 as prescribed by the DES. And it is not feasible
19 for us to turn stuff on and off/on and off to be
20 able to take those samples, among other things,
21 keeping filters properly charged, and other
22 operational requirements. So, we do keep all our
23 stations operational at some capacity throughout
24 the year, so that we can meet those requirements.

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[WITNESS PANEL: Lanza|Leone]

1 So, it is a very, very delicate balance to be
2 able to have 20 some odd groundwater supplies,
3 mixing with the 250,000 gallons, and meeting
4 demands.

5 Q And why is it important to keep the Company's
6 existing other water sources operational?

7 A (Lanza) So, we're required to service our
8 customers under both DES and PUC guidelines,
9 which includes maintaining a reliable source of
10 drinking water. Depend on the time of the year,
11 the Southern New Hampshire Project provides
12 roughly 40 to 70 percent of the system demands,
13 with the remainder coming from our bedrock
14 sources, to provide our customers, without them
15 noticing any changes. So, it's seamless, it's
16 very responsive. And, again, it's -- it's
17 balancing a lot of different sources to try to
18 maintain that 250,000 as close as possible, while
19 not going over.

20 MR. AUGERI: Thank you, Mr. Lanza. No
21 further rebuttal.

22 CHAIRMAN GOLDNER: Ms. Schwarzer.

23 MS. SCHWARZER: Thank you, Mr.
24 Chairman.

[WITNESS PANEL: Lanza|Leone]

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ANTHONY LEONE, Previously Sworn

REBUTTAL DIRECT EXAMINATION

BY MS. SCHWARZER:

Q Mr. Leone, would you -- excuse me -- did you hear Ms. Steele's testimony here this afternoon?

A (Leone) Yes, I did.

Q And would you please comment on her apparent position that "HAWC has taken too little water." Specifically, did you consider water quantities received from Salem, according to the Southern New Hampshire Interconnection Agreement, in your review of Step I?

A (Leone) Yes. So, in relation to Step I, in my review of -- in my review of that, the amount of water that the Company -- that was included in Step I was drawn from the 2020 PUC Annual Report. That report is signed by the Company and attested by the Company. It is reviewed by the DOE Audit Division. And, when we look at Step I, only the amount of water that was actually used in that Report is included in Step I. There is no more and there is no less.

MS. SCHWARZER: I would ask the Commission to take administrative notice of the

[WITNESS PANEL: Lanza|Leone]

1 Company's 2020 Report, as it is appearing on the
2 Commission website.

3 BY MS. SCHWARZER:

4 Q And, if I could ask the witness to go to Page 90
5 of 96 of that report?

6 CHAIRMAN GOLDNER: We'll take
7 administrative notice of that Report.

8 *[Administrative notice taken.]*

9 MS. SCHWARZER: Thank you.

10 BY MS. SCHWARZER:

11 Q Mr. Leone, do you have your computer up? Can you
12 go to the Company 2020 Report?

13 A (Leone) I do not have my computer up with me.

14 Q Okay. I could hand you --

15 A (Leone) Are you referring to the schedule of
16 water in the Annual Report?

17 Q I am.

18 A (Leone) I have that page printed out.

19 Q Okay. Great. Thank you. And, if you could
20 please, just for the purposes here, of explaining
21 the quantities consumed, what is the quantity
22 listed for August from MWW?

23 A (Leone) The quantity on the Report from MWW, as
24 reported by the Company, is about roughly 1.878

[WITNESS PANEL: Lanza|Leone]

1 million gallons.

2 Q And, as compared to Exhibit 21, which is dated
3 March 23rd, 2023, I believe the witness
4 represented it was a summary of information from
5 March 23rd, 2023, how does that -- what is listed
6 for August 2020?

7 A (Leone) The number listed here, under August, for
8 2020, is that what you were asking about?

9 Q Yes. Thank you.

10 A (Leone) There's a number of "12582.145" *thousand*
11 [*sic*] gallons. So, roughly 1.2 billion gallons?
12 I'm not sure that's an actual, accurate or
13 correct number.

14 Q Well, it doesn't match the Annual Report, does
15 it?

16 A (Leone) No, it does not.

17 Q And can you tell me what the number listed in the
18 Annual Report for September is coming from MWW?

19 A (Leone) The number is 6.974 million gallons.

20 Q Okay. And for October?

21 A (Leone) 6.170 million gallons.

22 Q For November?

23 A (Leone) 4.970 million gallons.

24 Q And December?

[WITNESS PANEL: Lanza|Leone]

1 A (Leone) 9.663 million gallons.

2 Q And the total as reported by the Company?

3 A (Leone) 29,655,000 gallons.

4 Q And, in your review of a Step -- of an
5 appropriate Step I Adjustment, what role did the
6 29.655 million gallons play?

7 A (Leone) So, just to take one step back. If the
8 Company had taken a quarter million gallons per
9 day for the entire year, it's roughly 91 million
10 gallons. And what's included in the step is only
11 the 29,655,000 that was actually purchased by the
12 Company and reported. And, so, the step reflects
13 the actual usage for that year in the step; no
14 more, no less.

15 Q And had the actual usage been lower, would the
16 proposed step adjustment also have been lower?

17 A (Leone) In that scenario, with no other changes,
18 that is a plausible outcome.

19 Q And, in the permanent -- in the Settlement on
20 Permanent Rates, did this framework for the Step
21 I Adjustment contemplate the volume -- the actual
22 volume of water and the cost to participate in
23 the MWW system? "System" might be the wrong
24 word.

[WITNESS PANEL: Lanza|Leone]

1 Did it contemplate accounting for the
2 appropriate percentage of the demand charge, what
3 we're calling the \$892,500 that Ms. Steele
4 raised, and the expenses for the water?

5 A (Leone) I'm not sure I understand the question.

6 Q There's a volumetric charge associated with water
7 use, and then there's an entry fee, that's not
8 the right word, but I'm just going to call it an
9 "entry fee". Did the Step I Adjustment,
10 Attachment B, contemplate -- account for both
11 costs?

12 A (Leone) Yes, it did.

13 MS. SCHWARZER: Thank you. I have no
14 further questions for this witness. Thanks.

15 MR. AUGERI: Could I have, if I may,
16 Mr. Chairman, just a couple of follow-up
17 rebuttal?

18 CHAIRMAN GOLDNER: Of course. Please.

19 MR. AUGERI: Thank you.

20 BY MR. AUGERI:

21 Q Mr. Lanza, referencing what has been marked as
22 "Exhibit 22", are you in contact with the other
23 participants and signatories to this Agreement,
24 that being the Town of Derry, Manchester Water

[WITNESS PANEL: Lanza|Leone]

1 Works, the Town of Salem, the Town of Windham,
2 and the Town of Plaistow, and Pennichuck East
3 Utility?

4 A (Lanza) Yes. Yes. We're in contact. We meet on
5 a somewhat regular basis.

6 Q And have any of them indicated to you that they
7 believe the Company has violated the Agreement in
8 any way, as of today?

9 A (Lanza) They have not.

10 Q And, in your view, as the General Manager of the
11 Hampstead Area Water Company, do you believe the
12 Company has violated this Agreement in any way?

13 A (Lanza) No, I do not think that.

14 MR. AUGERI: Thank you. I have no
15 further.

16 CHAIRMAN GOLDNER: Okay. Do any of the
17 parties have any questions for the witnesses?

18 MS. STEELE: I do.

19 CHAIRMAN GOLDNER: Okay.

20 MS. STEELE: If I might?

21 CHAIRMAN GOLDNER: Please proceed.

22 **REBUTTAL CROSS-EXAMINATION**

23 BY MS. STEELE:

24 Q Mr. Lanza, are you an employee of HAWSCO,

[WITNESS PANEL: Lanza|Leone]

1 Hampstead Area Water Service Company?

2 A (Lanza) HAWSCO is not a company. HAWSCO is a
3 division of Lewis Builders.

4 Q And are you -- do you support HAWSCO?

5 A (Lanza) Yes. Yes. We do support HAWSCO as well.

6 Q And are you the General Manager of HAWSCO, as is
7 reported on your website?

8 A (Lanza) Yes. I oversee both companies.

9 Q Okay. And is HAWSCO the Water Operator for
10 Plaistow?

11 A (Lanza) That is correct.

12 Q Who is responsible for sending the water volume
13 to DES for both HAWC and for HAWSCO?

14 A (Lanza) So, water use for HAWC and HAWSCO, so,
15 let me -- so, I'll answer them separately. HAWC,
16 the water -- so, the water use is required to be
17 reported by the system owner. So, HAWC reports
18 all of its uses to DES. And HAWSCO reports water
19 uses to DES for systems that clients request that
20 to be done.

21 Q And Plaistow, is that the case for Plaistow, is
22 that what you're referring to, as far as HAWSCO?

23 A (Lanza) As of today, we are reporting Plaistow.

24 Q Okay. And at what frequency do you submit that

[WITNESS PANEL: Lanza|Leone]

1 data? I know it's not every month. Is it a
2 quarter? Every six months?

3 A (Lanza) I believe it's quarterly.

4 Q So, at the end of the quarter, so, March 31st
5 just occurred a few weeks ago, how much time do
6 you have then to support -- or, to report Q1's
7 water volumes?

8 A (Lanza) I would have to look to give you an
9 accurate answer. I'm not sure of the window.
10 There is a window of which you have to report
11 that data, but I would be guessing.

12 MS. STEELE: Okay. Thank you.

13 CHAIRMAN GOLDNER: Okay. Anything
14 else?

15 *[No verbal response.]*

16 CHAIRMAN GOLDNER: All right. The
17 witnesses are excused again. Thank you for
18 coming back to the stand.

19 Okay, moving forward. So, I'm going to
20 strike ID on Exhibit 20. And I'm going to strike
21 ID on 21 and 22. But, with 21 and 22, I'm going
22 to let them in, and I'm going to give them the
23 weight they deserve. So, that's how we'll handle
24 the exhibits.

{DW 20-117} {04-12-23}

1 And what I'd like to do now, Mr.
2 Augeri, and I apologize for asking you again on
3 the rate case expenses, I'm not completely sure I
4 understood the answer. Is it your suggestion
5 that, after Step I is fully resolved in this
6 docket, that the docket is complete, and that
7 the rate case expenses will be filed under the
8 Step II docket? I'm just trying to -- I'm not
9 sure I understood what your suggestion was.

10 MR. AUGERI: That is exactly what the
11 Company is suggesting.

12 And, if I could just clarify, I want to
13 make sure that you just didn't say that you were
14 "striking Exhibit 20"? I know 21 and 22 --

15 CHAIRMAN GOLDNER: "Striking ID",
16 sorry. "Striking ID on Exhibit 20".

17 MR. AUGERI: Sorry. Thank you.

18 CHAIRMAN GOLDNER: That's an important
19 extra word. Thank you.

20 *[Laughter.]*

21 CHAIRMAN GOLDNER: Very good. So,
22 thank you, Mr. Augeri. Can you -- so, what we'll
23 do in this docket, after Step I is fully
24 resolved, is there will be the usual, you know,

1 30-day period for appeal, and then we'll plan on
2 closing the docket.

3 So, I would just advise the parties, if
4 there is anything they would like to litigate in
5 this docket, that that's the window of
6 opportunity. And we'll plan on closing this
7 docket after the litigation period is -- an
8 appeal period is complete.

9 Okay. So, let's move along here, and
10 move to closing arguments. And let's begin
11 with -- let's begin with the Towns, if the Towns
12 have anything that they would like to say, before
13 we wrap up today?

14 MS. WARNOCK: I know that it's been
15 very challenging for us, as laypeople, to follow
16 this process. It would have been very helpful to
17 have representation from the Office of Consumer
18 Advocate, which has had a revolving door of
19 participants who have been in this process in the
20 last year. We sort of count on them to be our
21 advocates, and not having that representation is
22 certainly putting us at a disadvantage.

23 CHAIRMAN GOLDNER: Okay. Yes. Thank
24 you. Thank you for your comments, and that's

1 noted in the record. Thank you.

2 Town of Atkinson?

3 MR. APPLE: I just wanted to say thank
4 you for this process. I know it's been a long
5 one. Looking forward to the end of it.

6 And no more statements. Thank you.

7 CHAIRMAN GOLDNER: Thank you, sir.

8 And, Ms. Steele, anything that you
9 would like to add in closing?

10 MS. STEELE: No further comments.
11 Thank you.

12 CHAIRMAN GOLDNER: Thank you. Okay.
13 Very good.

14 The New Hampshire Department of Energy,
15 anything in closing?

16 MS. SCHWARZER: Thank you, Mr.
17 Chairman.

18 It's the Department's position that the
19 Settlement Agreement on the Step I Rates
20 accurately follows the framework approved in the
21 order on permanent rates and contemplated in the
22 Settlement on Permanent Rates. And that the Step
23 I figures account for the volume of water and
24 related charges based upon actual use, as known

1 and reported in the Company's 2020 Annual Report.

2 We ask the Commission to find that the
3 Step I revenue requirement adjustment of \$258,450
4 represents a reasonable compromise of all issues
5 relating to the Step I Adjustment. And that the
6 proposed Step I Adjustment will result in rates
7 for HAWC's customers that are just and reasonable
8 and serve the public interest, within the meaning
9 of RSA 374:2 and RSA 378:7.

10 In the opinion of the Department, the
11 proposed Step I Adjustment accurately reflects
12 HAWC's investment in plant that is prudent, used
13 and useful, and is based on a reasonable rate
14 base and a just and reasonable rate of return
15 thereon, in compliance with RSA 378:27 to :29,
16 and Order Number 26,635.

17 Thank you.

18 CHAIRMAN GOLDNER: Thank you, Attorney
19 Schwarzer.

20 And Attorney Augeri.

21 MR. AUGERI: Thank you.

22 We would, in addition to reserving our
23 objections that have been noted already for the
24 record, we would assert that the submissions by

1 the Settling Parties were a reasonable
2 compromise. It was through a process that was
3 vetted, through not only technical sessions,
4 settlement conferences, and the result of which
5 is before the Commission as Exhibit 20, with the
6 attachments.

7 The Company's position is that this
8 comports with the terms and framework that were
9 previously approved in this docket in Order
10 Number 26,635. And that, overall, they should be
11 approved, as they are just and reasonable, and
12 that the Commission approve the Settlement
13 Agreement.

14 Thank you.

15 CHAIRMAN GOLDNER: Okay. Thank you.
16 Anything else that we need to cover
17 today?

18 *[No verbal response.]*

19 CHAIRMAN GOLDNER: No? Okay. Very
20 good. I'll thank everyone. We'll take the
21 matter under advisement and issue an order. We
22 are adjourned.

23 ***(Whereupon the hearing was adjourned***
24 ***at 3:57 p.m.)***