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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

December 11, 2014 - 1:36 p.m.
Concord, New Hampshire

NHPUC DEC30'14 PM 3:26

RE: DW 14-176
MILL BROOK VILLAGE WATER SYSTEM:
*Petition for Franchise and Permission
to Engage in Business as a Public
Water Utility within the Town of
Thornton.*

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

Sandy Deno, Clerk

APPEARANCES: Reptg. Mill Brook Village Water System:
James R. Ingram

John Gray and Valerie Gray, *pro se*

Reptg. PUC Staff:
Rorie E. P. Hollenberg, Esq.
Mark A. Naylor, Director/Gas & Water Div.
Robyn J. Descoteau, Gas & Water Division

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

ORIGINAL

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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Petition for Franchise and Permission to Engage in Business as a Public Water Utility within the Town of Thornton, including attachments and Notice of Intent to File Rate Schedules (06-27-14)	5
2	Mill Brook Village Water System Rate Filing, including Rate Base Schedules Responses to 1604.01 Requirements, Direct Prefiled Testimony of James Ingram, and Proposed Tariff (08-06-14)	5
3	Stipulation Agreement regarding DW 14-176, with attachments (12-01-14)	6

P R O C E E D I N G

1
2 CHAIRMAN HONIGBERG: Good afternoon,
3 everyone. We're here this afternoon in Docket DW 14-176,
4 Mill Brook Village Water System. We have received a
5 Settlement Agreement, or "Settlement Stipulation" I think
6 it's called, dated December 1st. I gather we're going to
7 be hearing about that during today's hearing.

8 Before we proceed, let's take
9 appearances.

10 MR. INGRAM: I'm James Ingram. And, I
11 represent Mill Brook Village Water System.

12 MR. GRAY: John Gray, 287 Mill Brook
13 Road, representing John Gray and my wife, Valerie Gray.

14 MS. HOLLENBERG: Good afternoon. I'm
15 Rorie Hollenberg. And, I'm here on behalf of the Public
16 Utilities Commission Staff, with the Director of the Water
17 Division, Mark Naylor, and Robyn Descoteau, who is the
18 utility analyst assigned to these proceedings.

19 CHAIRMAN HONIGBERG: Ms. Hollenberg, how
20 are we going to be proceeding this afternoon?

21 MS. HOLLENBERG: Thank you. I would
22 like at this time to ask the Commission to mark for
23 identification three exhibits. I've distributed copies to
24 the parties, and the Clerk and Court Reporter. The first

1 exhibit I would ask to identify is the original filing
2 made in these proceedings. It's dated June 27, 2014, and
3 under the cover of a letter from James Ingram to Debra
4 Howland. It encloses a Petition for a Franchise and a
5 Notice of Intent to File Rate Schedules.

6 CHAIRMAN HONIGBERG: That's the original
7 filing?

8 MS. HOLLENBERG: Yes.

9 CHAIRMAN HONIGBERG: June 27th?

10 MS. HOLLENBERG: Yes.

11 CHAIRMAN HONIGBERG: Okay.

12 (The document, as described, was
13 herewith marked as **Exhibit 1** for
14 identification.)

15 MS. HOLLENBERG: The second exhibit will
16 be under cover -- a filing received that was received
17 under cover dated August 6, 2014, from James Ingram to
18 Debra Howland, enclosing the schedules and proposed tariff
19 in this matter.

20 CHAIRMAN HONIGBERG: Okay. Got that.
21 "Exhibit 2".

22 (The document, as described, was
23 herewith marked as **Exhibit 2** for
24 identification.)

[WITNESS PANEL: Ingram~Descoteau]

1 MS. HOLLENBERG: Exhibit 3 would be the
2 Stipulation, which was filed by the Staff on behalf of the
3 Parties on December 1st, 2014. If that could be "Exhibit
4 3" please.

5 CHAIRMAN HONIGBERG: Good enough.
6 That's "Exhibit 3".

7 (The document, as described, was
8 herewith marked as **Exhibit 3** for
9 identification.)

10 MS. HOLLENBERG: Thank you. The second
11 procedural issue that I would like to raise at this time
12 is the proposal of the Parties to present the witnesses in
13 the form of a panel. Ms. Descoteau would take the stand
14 on behalf of Staff and Mr. Ingram would take the stand on
15 behalf of the Company.

16 I have discussed with Mr. Gray whether
17 or not he wanted to take the stand as a witness and have
18 me pose questions on his behalf or ask questions himself,
19 and he has chosen to not participate on the panel, but
20 will be available to ask questions at the Commission's
21 discretion.

22 CHAIRMAN HONIGBERG: Mr. Gray, is that
23 your understanding as well?

24 MR. GRAY: That's correct.

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[WITNESS PANEL: Ingram~Descoteau]

1 CHAIRMAN HONIGBERG: Thank you. So,
2 then, --

3 MS. HOLLENBERG: Nothing further.

4 CHAIRMAN HONIGBERG: -- we're ready for
5 the witnesses.

6 MS. HOLLENBERG: Yes, please. I'd like
7 to call Robyn Descoteau to the stand and James Ingram.

8 (Whereupon **James R. Ingram** and
9 **Robyn J. Descoteau** were duly sworn by
10 the Court Reporter.)

11 **JAMES R. INGRAM, SWORN**

12 **ROBYN J. DESCOTEAU, SWORN**

13 **DIRECT EXAMINATION**

14 BY MS. HOLLENBERG:

15 Q. Good afternoon. Ms. Descoteau, could you please state
16 your full name and your position with the Public
17 Utilities Commission.

18 A. (Descoteau) My name is Robyn J. Descoteau. I am
19 employed as a Utility Analyst in the Gas and Water
20 Division of the New Hampshire Public Utilities
21 Commission.

22 Q. Thank you. Mr. Ingram, could you please state your
23 full name and your employment please.

24 A. (Ingram) My name is James R. Ingram. And, I run the

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[WITNESS PANEL: Ingram~Descoteau]

1 Mill Brook Village Water System as default from being
2 the developer of the developments that I've built, the
3 water system is part of that, and hence I am the water
4 system person.

5 Q. Thank you. Ms. Descoteau, what are your
6 responsibilities as a Utility Analyst at the PUC?

7 A. (Descoteau) I am responsible for the examination and
8 the evaluation, analysis of rate case and financing
9 filings, that includes the recommendation of changes in
10 revenue levels that conform to regulatory methodologies
11 and/or proposals for economical, accounting, and
12 operational changes affecting regulatory utility
13 revenue requirements. I represent Staff in meetings
14 with company officials, outside attorneys, accountants
15 relative to rate case/financing matters, as well as the
16 Commission's rules, policies and procedures.

17 Q. Thank you. What are your areas of expertise?

18 A. (Descoteau) Accounting and finance.

19 Q. And, when did you become involved in this proceeding?

20 A. (Descoteau) Earlier this year, back in June, Mr. Ingram
21 requested to meet with the Staff for advice on how to
22 prepare Mill Brook Village for public utility status,
23 establishing a franchise and setting new rates. I was
24 at that initial meeting.

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[WITNESS PANEL: Ingram~Descoteau]

1 Q. And, since that initial meeting with Mr. Ingram, how
2 have you participated in this docket?

3 A. (Descoteau) Since the initial meeting, I have worked
4 with Mr. Ingram, the intervenor, Mr. Gray, and the
5 interested parties in answering questions related to
6 the regulatory process of establishing a franchise and
7 setting rates. I have reviewed the filings, posed and
8 reviewed responses to discovery questions, and worked
9 on the Settlement Agreement. We also took a tour to
10 the site visit.

11 Q. Thank you. Now you mentioned that you reviewed the
12 initial filings. You heard me earlier ask for the
13 Exhibits 1 and 2 to be marked for identification. I've
14 left a copy of those exhibits on the bench before you.
15 And, I'd just like to direct you now to Exhibit 1,
16 which is a letter dated June 27, 2014, from Mr. Ingram.
17 It encloses the Petition for a Franchise and other
18 documents. Do you recognize that document?

19 A. (Descoteau) Yes, I do.

20 Q. And, is this the filing that you reviewed in this case?

21 A. (Descoteau) Yes, it is.

22 Q. And, if you could turn to Exhibit 2, which is under
23 cover of a letter dated August 6, 2014, from James
24 Ingram to Debra Howland, and that enclosed the

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[WITNESS PANEL: Ingram~Descoteau]

1 schedules and a proposed tariff. Do you recognize that
2 document?

3 A. (Descoteau) Yes, I do.

4 Q. And, is this a document that you reviewed in
5 formulating your opinions and recommendations in this
6 case?

7 A. (Descoteau) Yes, it is.

8 Q. Thank you. Could you describe, you mentioned that you
9 did some discovery, could you describe the discovery
10 process, how you participated in that please?

11 A. (Descoteau) During the discovery process, I reviewed
12 the filing and recalculated a lot of the schedules. I
13 also worked with Mr. Gray. He submitted several
14 questions to the Commission. And, many of them I was
15 able to either contact Mr. Gray directly during our
16 site visit or via a telephone conversation. If not, I
17 took the questions and posed them with my questions to
18 Mr. Ingram through formally discovery that we posed to
19 them, to the Company.

20 Q. And, in addition to written questions and answers, do
21 you recall any in-person meetings during this docket?

22 A. (Descoteau) Yes. We had, I think, two tech sessions,
23 I'm trying to remember if there was one or two, I think
24 there were two tech sessions, and there was a

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[WITNESS PANEL: Ingram~Descoteau]

1 settlement conference, in which Mr. Ingram and the
2 Grays were participating in.

3 Q. Do you recall, in the context of those in-person
4 meetings with the parties, having discussions about how
5 the Commission typically calculates its revenue
6 requirement?

7 A. (Descoteau) Yes. We discussed the revenue requirement,
8 and that it's the total of the money the utility must
9 collect from the customers to pay the costs, and
10 include a reasonable rate on the investment. We also
11 discussed generally how the typical components are
12 considered in the Commission's traditional ratemaking
13 formula.

14 Q. And, you would agree those traditional components are
15 the test year rate base, operating costs, depreciation,
16 expenses, taxes, and other costs?

17 A. (Descoteau) That's correct.

18 Q. Thank you. Did the Commission's Audit Division conduct
19 an audit of the filing, the rate filing?

20 A. (Descoteau) No, it did not.

21 Q. And, could you explain why that is.

22 A. (Descoteau) Where this is an initial filing with the
23 Commission, Mr. Ingram provided backup support directly
24 to the Staff, myself, and that was through discovery.

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[WITNESS PANEL: Ingram~Descoteau]

1 Audit was done directly by Staff, and Audit wasn't
2 needed. The Audit Staff wasn't needed.

3 Q. Okay. Thank you. Would you agree that, as part of
4 your review, you verified the accuracy of the Company's
5 figures?

6 A. (Descoteau) Yes, I did.

7 Q. Did you file testimony or any other type of
8 recommendation with the Commission?

9 A. (Descoteau) No. It was not necessary for me to file
10 testimony to through the parties negotiating a
11 settlement to resolve -- because we issued the
12 Settlement to resolve the issues. The Stipulation
13 embodies the Staff's, as well as other parties',
14 recommendations.

15 Q. You testified earlier that you participated in
16 negotiating and drafting the Settlement Agreement that
17 we've presented today as "Exhibit 3". Do you have a
18 copy of that document in front of you now?

19 A. (Descoteau) Yes, I do.

20 Q. And, you would agree that it was filed under cover
21 dated December 1, 2014. Is that the document that
22 you're looking at?

23 A. (Descoteau) Yes, it is.

24 Q. Thank you. Were the schedules that are attached to the

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[WITNESS PANEL: Ingram~Descoteau]

1 Stipulation created by you or under your direction?

2 A. (Descoteau) Yes, they were.

3 Q. And, generally, can you describe what those schedules
4 contain?

5 A. (Descoteau) Yes, I can. Okay. Attachment B of the
6 Settlement Agreement are all the schedules that arrive
7 at the revenue requirement. Schedule 1, the
8 calculation of the revenue requirement. Schedule 1A is
9 the overall rate of return. Schedule 2 is a
10 calculation of the rate base. Schedule 2A shows the
11 original -- original assets and liabilities of the
12 Company prior to the filing, the 12 months, for
13 proforma adjustments. Schedule 2C -- I'm sorry.
14 Schedule 2B are the proforma adjustments to the income
15 statement. I'm sorry, that is a typo. That's proforma
16 adjustments to the balance sheet. Schedule 2C is the
17 working capital calculation. Schedule 3 is the income
18 statement. Schedule 3A is the proforma adjustments to
19 the income statement. And, Schedule 4 is the Report of
20 Proposed Changes, which will -- that shows the
21 calculation of the actual rate to the customers.

22 Q. If I could just ask you a quick question about
23 Attachment -- well, firstly, I'll confirm that you
24 agree there's also Attachment A, and that that's a map

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[WITNESS PANEL: Ingram~Descoteau]

1 and description of the boundaries of the franchise area
2 that Mill Brook has asked for?

3 A. (Descoteau) That is correct.

4 Q. And, with regard to Attachment B, Schedule 2, which is
5 handwritten Bates Page 11 of Exhibit 3, --

6 A. (Descoteau) Yes.

7 Q. -- I just want to ask you a couple of quick questions
8 about how rate base is calculated for purposes of the
9 rates.

10 A. (Descoteau) Yes.

11 Q. You would agree that the rate base in this instance was
12 calculated using only the most recent rate base
13 investments by the Company?

14 A. (Descoteau) That's correct.

15 Q. And, could you tell us, on Attachment B, Schedule 2,
16 where that value is?

17 A. (Descoteau) When you look at Schedule -- Attachment B,
18 Schedule 2, plant in service, the original test year
19 balance is "582,463". And, there's a proforma
20 adjustment of "512,357". And, this is an adjustment
21 done by the Company, and it's to adjust for plant that
22 was done prior to the rate case, basically, because the
23 developer expensed all of that prior to the rate case.
24 And, therefore, where it was already expensed, it

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[WITNESS PANEL: Ingram~Descoteau]

1 couldn't be included in the rate case. So, they did
2 the adjustment. And, the only amount allowed in the
3 rate case is the "70,106", which was tested by Staff,
4 and is the only amount allowed in rate base.

5 Q. Is it fair to say that then the \$512,000 would not earn
6 a return for the investor?

7 A. (Descoteau) That's correct.

8 Q. Thank you.

9 A. (Descoteau) But those items are in the ground and they
10 are part of the water system.

11 Q. They are providing service to customers?

12 A. (Descoteau) They are providing service to the
13 customers, correct.

14 Q. Thank you. Aside from the one correction you had to
15 the labeling of the schedules attached to the
16 Settlement Agreement, which was specifically at Bates
17 Page 15, you said that that was a "proforma adjustment
18 to the balance sheet", are there any other corrections?

19 A. (Descoteau) No, there are not.

20 Q. Thank you. And, so, the Stipulation reflects the
21 parties -- all the parties recommendations to the
22 Commission pertaining to both the franchise request, as
23 well as the Company's proposed permanent rates, is that
24 correct?

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[WITNESS PANEL: Ingram~Descoteau]

1 A. (Descoteau) Yes.

2 Q. And, there are two issues, before we turn to the rest
3 of the Stipulation, there are two issues that were
4 mentioned in the Order of Notice in this case, that are
5 not expressly addressed in the Settlement Agreement.
6 And, I'd like to just ask you about those now. One is
7 a reference in the Order of Notice to a lack of meters,
8 and that a reference to a PUC Rule which requires
9 meters. And, the other issue was raised as a concern
10 about the single class of customers, the allocation of
11 the revenue requirement across a single class of
12 customers. Could you explain Staff's position on these
13 issues at this time please.

14 A. (Descoteau) Yes. Staff considered these issues during
15 the review, during the review and negotiations of this
16 case. Staff determined that the utility serves a
17 relatively uniform class of customers, which is single
18 residential families living in homes and condos. Also,
19 the development is not fully built, and existing
20 homes -- the existing homes and condominiums are not
21 built to accommodate the meters. If meters were to be
22 installed in all of these homes, it would cost the
23 Company and the homeowners more than it would benefit
24 them at this point.

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[WITNESS PANEL: Ingram~Descoteau]

1 Q. Okay. And, are you aware of the ability of utilities
2 to seek waivers of Commission rules, if there is a
3 justification for a waiver?

4 A. (Descoteau) Yes, I am.

5 Q. And, if the Company were to ask for a waiver of the
6 metering rule at this time, would the Staff support
7 that waiver at this point?

8 A. (Descoteau) Yes. That would be beneficial.

9 Q. Okay. So, turning back to the Stipulation, and
10 basically the first three issues that are addressed on
11 Page 2, we have the Mill Brook's request for franchise
12 authority. You'd agree that the Parties recommend that
13 the Commission grant Mill Brook the request they -- the
14 relief they requested in their filing?

15 A. (Descoteau) Yes.

16 Q. And, with regard to the permanent rate -- new permanent
17 rates, could you please summarize the Parties'
18 recommendation?

19 A. (Descoteau) The Settling Parties recommend the
20 Commission approve the initial rate requirement of
21 23,568, based on the total rate base of 70,259, based
22 on total operating expenses of 16,823, and an overall
23 rate of return of 9.6 percent, yielding an operating
24 income requirement of 6,745.

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[WITNESS PANEL: Ingram~Descoteau]

1 Q. And, as you mentioned earlier, the schedules in
2 Attachment B are what support those calculations?

3 A. (Descoteau) That's correct.

4 Q. The bill impact of that revenue requirement, could you
5 tell us what that is please.

6 A. (Descoteau) The 37 existing customers will be charged
7 \$636.96 annually, or \$159.24 quarterly.

8 Q. And, what is the effective date of the proposed new
9 rate?

10 A. (Descoteau) January 1st, 2015, on a service-rendered
11 basis.

12 Q. Thank you. Turning your attention now to Section E,
13 which begins on the page, Page 2, excuse me, of the
14 Stipulation, is a provision that requires Mill Brook to
15 recalculate its rates each time a new customer is added
16 to the system. Could you please explain why this is
17 necessary.

18 A. (Descoteau) The three developments within Mill Brook's
19 franchise area are not fully built out, and there's
20 been no real estate development since 2008. There are
21 only 37 stable customers, but there is no -- but there
22 is the possibility of serving 64 customers at full
23 build out. The Stipulation allocates the revenue
24 requirement equally amongst the existing users. If

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[WITNESS PANEL: Ingram~Descoteau]

1 costs were split between the potential 64 customers,
2 the Commission would be setting the Company to not
3 only -- earn its revenue requirement, the Company would
4 be absorbing the costs of the missing 27 customers as
5 well.

6 Q. Uh-huh. And, in doing that --

7 A. (Descoteau) So, it would be setting it up for a loss,
8 because it would be absorbing the costs of the 27
9 customers.

10 Q. You'd agree that immediately following the hearing the
11 Company would be in a position of under earning?

12 A. (Descoteau) Correct.

13 Q. Thank you. When is Mill Brook required to recalculate
14 its rates and notify the Commission?

15 A. (Descoteau) The Stipulation Agreement states that, if a
16 house is sold and there is a new customer that comes
17 into the system, the Company is to come in and use the
18 existing rate base, and it will recalculate using the
19 revenue requirement recommended in the Settlement
20 Agreement and divide it by the new total customers.

21 Q. So, just as an example, as a simple example, there
22 are -- right now the revenue requirement is allocated
23 over 37 customers. If an additional customer is added,
24 the revenue requirement would be divided by 38, and

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[WITNESS PANEL: Ingram~Descoteau]

1 then that would set the new rate for each of those 38
2 customers?

3 A. (Descoteau) Correct.

4 Q. And, at that point in time, when the rates are
5 recalculated, is the Company authorized to make any
6 changes -- any other changes to its revenue requirement
7 calculation?

8 A. (Descoteau) It cannot change anything else to its
9 revenue requirement calculation. All it can do is use
10 what's been approved in this rate case and divide it by
11 the new number of customers, and it also has to submit
12 a new tariff page to the Commission within 15 days.

13 Q. Do you agree that the requirement to have the Company
14 recalculate its revenue -- its allocation, the rate
15 allocation, is unusual?

16 A. (Descoteau) Yes.

17 Q. And, do you agree that the circumstances in this case
18 are fairly unique, in that there has been a lengthy
19 period of time when any development has occurred within
20 this franchise?

21 A. (Descoteau) Yes.

22 Q. Turning now to the last two terms of the Settlement
23 Agreement/Stipulation, Sections II.F and II.G, can you
24 please summarize these requirements?

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[WITNESS PANEL: Ingram~Descoteau]

1 A. (Descoteau) Where this is a new system, an initial
2 tariff will need to be filed within 21 days of an order
3 approving the Stipulation. And, currently, Staff is
4 working with Mr. Ingram to formulate the new tariff.
5 There are some figures that are still being looked at
6 in the new tariff for backup support. And, there are
7 some -- we just want to make sure that it totally
8 agrees with the Stipulation Agreement and with the
9 rules of the Public Utilities Commission, as it's being
10 submitted by the 21 days deadline.

11 Q. And, so, could I have you give an example of one type
12 of fee or charge that's contained within the proposed
13 tariff that Staff still needs to evaluate and get cost
14 support for?

15 A. (Descoteau) Yes. They're proposing a collection fee of
16 \$50. So, we just want to make sure that that's the
17 correct number. They have an administrative fee for
18 liens of \$100.

19 Q. So, just getting cost support for those figures --

20 A. (Descoteau) Correct.

21 Q. -- within the tariff?

22 A. (Descoteau) Correct.

23 Q. Okay. And, is it your intention for Staff to work with
24 Mr. Ingram following the hearing to put together the

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[WITNESS PANEL: Ingram~Descoteau]

1 tariff filing for the Commission as required by the
2 Agreement?

3 A. (Descoteau) Yes. Where this is the first tariff that
4 Mr. Ingram has ever submitted to the Commission, he
5 took a draft to the best of his ability, and we're just
6 going to work with him to make sure that it complies
7 with all of our rules and regulations.

8 Q. Just some summary questions for you, Ms. Descoteau.
9 Thank you for your responses up to now. Based on your
10 participation on behalf of Staff, is it Staff's
11 position that Mill Brook possesses the necessary
12 managerial, financial, and technical abilities
13 necessary to provide adequate and safe service to
14 customers within the proposed franchise?

15 A. (Descoteau) Yes, they do.

16 Q. And, is it Staff's position that the rate base included
17 within the calculation of the new revenue requirement
18 is prudent -- is based on prudent, used and useful
19 property in service to customers within Mill Brook's
20 proposed franchise area?

21 A. (Descoteau) Yes, it is.

22 Q. And, is it Staff's position that the revenue
23 requirement recommended by the Settlement -- Settling
24 Parties and reflected in the Stipulation is just and

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1 reasonable?

2 A. (Descoteau) Yes.

3 Q. Is it Staff's position that the allocation of the new
4 revenue requirement across the existing 37 customers is
5 just and reasonable?

6 A. (Descoteau) Yes.

7 Q. And, is it Staff's position that the recalculation of
8 the rates after the addition of each new customer to
9 the system is just and reasonable?

10 A. (Descoteau) Yes.

11 Q. Thank you. Mr. Ingram, just a couple questions for
12 you. I appreciate your patience. You identified
13 yourself as the operator of Mill Brook. Could you
14 please just briefly describe your duties in that
15 capacity?

16 A. (Ingram) As the original developer of the three
17 subdivisions in 1988, I've been responsible for the
18 complete building of the system, operating the system,
19 providing water quantity and quality to customers from
20 1988 till present.

21 Q. Thank you. And, you were the individual who prepared
22 Exhibits 1 and 2 that the Commission has before it
23 today?

24 A. (Ingram) That is correct.

[WITNESS PANEL: Ingram~Descoteau]

1 Q. And, are there any changes or corrections that you
2 would like to make to those documents at this time?

3 A. (Ingram) Other than that the Staff has come up with a
4 more reasonable rate, no.

5 Q. Okay. So, the documents are correct as they were
6 filed, --

7 A. (Ingram) Yes.

8 Q. -- it's just that the proposal has been changed through
9 the Settlement Agreement?

10 A. (Ingram) Correct.

11 Q. Okay. And, you would agree that the information
12 contained in these documents is true and correct?

13 A. (Ingram) Yes.

14 Q. If you were asked the same questions in your prefiled
15 direct testimony today, would your answers be the same?

16 A. (Ingram) Yes.

17 Q. And, did you participate on behalf of the Company in
18 the development of the Stipulation that's presented as
19 Exhibit 3?

20 A. (Ingram) I did.

21 Q. Do you agree that the Stipulation reflects the Staff
22 and Parties' recommendation for all the relief you
23 asked for in your filing?

24 A. (Ingram) I do.

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[WITNESS PANEL: Ingram~Descoteau]

1 Q. And, do you agree that -- with Staff's summary of the
2 provisions of the Stipulation and these
3 recommendations?

4 A. (Ingram) I do.

5 Q. Do you agree with Staff that Mill Brook possesses the
6 necessary managerial, financial, and technical
7 abilities necessary to provide adequate and safe
8 service to the customers within its proposed franchise?

9 A. (Ingram) Yes.

10 Q. And, do you agree with Staff that the rate base
11 included within the calculation of the new revenue
12 requirement is based on prudent, used and useful plant
13 in service to customers within Mill Brook's franchise
14 territory?

15 A. (Ingram) Yes.

16 Q. Do you agree with the position advocated by Staff that
17 the revenue requirement recommended in the Stipulation
18 is just and reasonable?

19 A. (Ingram) Yes.

20 Q. And, do you agree with -- that allocating the revenue
21 requirement across 37 customers currently is just and
22 reasonable?

23 A. (Ingram) Yes.

24 Q. Do you agree that -- with the Staff that the

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[WITNESS PANEL: Ingram~Descoteau]

1 recommendation or the recalculation of the rates after
2 each new customer is added to the system is just and
3 reasonable?

4 A. (Ingram) Definitely.

5 Q. And, do you agree with the concept of the Company
6 filing a request for a waiver of the metering
7 requirement? I realize this is a new concept for you
8 today, so --

9 A. (Ingram) yes, I do.

10 Q. Okay. And, is there anything you would like to --
11 information you'd like to provide to the Commission at
12 this time? They may ask you some questions themselves,
13 but this is a time for you, if you would like to make a
14 statement.

15 A. (Ingram) I think we have it pretty well said.

16 MS. HOLLENBERG: Okay. Thank you so
17 much. No further questions.

18 CHAIRMAN HONIGBERG: Mr. Gray, do you
19 have any questions for either Ms. Descoteau or Mr. Ingram?

20 MR. GRAY: No, sir.

21 CHAIRMAN HONIGBERG: Thank you.
22 Commissioner Scott.

23 COMMISSIONER SCOTT: Thank you. Good
24 afternoon. A couple quick questions for you.

{DW 14-176} {12-11-14}

1 BY COMMISSIONER SCOTT:

2 Q. Obviously, the Grays, and I think that's -- is that
3 Ms. Nocito?

4 MS. NOCITO: Yes.

5 BY COMMISSIONER SCOTT:

6 Q. -- are aware of what's going on. I was just curious,
7 what kind of outreach to the rest of your customers?
8 Are they aware of this?

9 A. (Ingram) No official -- well, they know that we're
10 working towards becoming a public utility. And, we've
11 had much correspondence in that. No one, except the
12 people I might have run into in person, understand what
13 the new rate is yet. But it probably is known
14 throughout much of the system, when one person knows,
15 the information marches forward. And, when this is
16 resolved today, that it's my intent to send another
17 letter explaining that the rate has been set now, it
18 starts January 1st, *etcetera, etcetera*.

19 Q. So, your intent -- okay. So, your intention is to give
20 people advance notice, so they can plan on their bill?

21 A. (Ingram) Yes. It won't be much. January 1st is very
22 soon, and today is December 11th, but yes.

23 Q. All right.

24 A. (Ingram) But they're all aware that the bill is going

[WITNESS PANEL: Ingram~Descoteau]

1 up, and it's going to go up less than was proposed,
2 so --

3 Q. You have some advantage, because, with 37 people, you
4 know you can more easily reach out, I assume?

5 A. (Ingram) Yes. I will send them all an e-mail. And,
6 many of them I know personally, because I've built
7 homes for all of the -- originally, some of them have
8 moved on and I don't know the new owners.

9 Q. Thank you. In a section of this Stipulation Agreement,
10 there is a discussion about "affiliate agreements", I
11 think it's Section G. I was just curious do you, in
12 this juncture in time, expect a need for affiliate
13 agreements?

14 A. (Descoteau) The affiliate agreements, we were working
15 with Mr. Ingram on getting those established, because
16 right now he owns the real estate company and the water
17 company all together, and there haven't been any formal
18 agreements set up. So, we were working with him to get
19 those affiliate agreements set up.

20 Q. So, that's coming?

21 A. (Descoteau) Yes.

22 Q. Thank you. At the prehearing conference that we sat
23 before, in the smaller room over here, if I remember
24 right, there were some concerns raised about water

{DW 14-176} {12-11-14}

[WITNESS PANEL: Ingram~Descoteau]

1 quality issues. I was wondering if you could talk to
2 that? Is that an ongoing issue?

3 A. (Ingram) Well, water quality issues have to be defined
4 by whether or not there is something that is a health
5 issue, an aesthetic issue, or a misunderstood issue.
6 We certainly have all our water tested, and it's on a
7 schedule from the Public -- excuse me, the Department
8 of -- DWGB, Ground Water Drinking Bureau, whatever, the
9 people who oversee this. We passed all our tests for
10 health standards. And, the issue that I think some
11 people have had in the past, and I acknowledge, is
12 we've had some discoloration from iron and/or
13 manganese. It's not a health issue, but it is an issue
14 to laundry, stains on maybe some clothes. I think we
15 pretty much eliminated that. You can ask John. It's
16 something we constantly address. We've put in water
17 softening systems to treat it. We do have a dug well.
18 And, the problem with a dug well is it doesn't do the
19 same thing every day. It's not as consistent in what
20 it brings out in water quality as, say, an artesian
21 well is. The dug well certainly has more iron and
22 manganese than our two artesian wells, and yet we need
23 to run it in our system, not necessarily for volume,
24 but it's part of our treatment for uranium. We mix the

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[WITNESS PANEL: Ingram~Descoteau]

1 water from the dug well with the artesian wells to
2 solve our uranium issue, which runs close to the EPA
3 standard limit.

4 Q. Thank you. And, the water supply you have currently,
5 is that sufficient in the eventuality you're able to
6 sell all your lots and build to total build-out?

7 A. (Ingram) It is. Water design, as you are probably
8 aware, is based on a safety factor of two. The
9 original development was approved for 68. We are now
10 done to 64. We started with two sources. We now have
11 three sources. And, the water between any one well
12 produces enough to run the water system. But, of
13 course, duplicity is necessary.

14 COMMISSIONER SCOTT: Thank you. That's
15 all I have.

16 CHAIRMAN HONIGBERG: And, I actually
17 don't think I have any other questions. Ms. Hollenberg,
18 do you have any follow-up questions for the witnesses?

19 MS. HOLLENBERG: I just wanted to touch
20 on, just quickly, on a couple -- of one thing.

21 **REDIRECT EXAMINATION**

22 BY MS. HOLLENBERG:

23 Q. First, I would ask Mr. Ingram, you recall filing an
24 affidavit of publication in this docket, and that

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[WITNESS PANEL: Ingram~Descoteau]

1 attested to your notice to customers, as well as the
2 Town Clerk in Thornton, is that correct?

3 A. (Ingram) Yes, I did.

4 Q. And, --

5 MS. HOLLENBERG: That's the only other
6 thing I wanted to ask.

7 CHAIRMAN HONIGBERG: Okay. I think
8 we're good then with the witnesses. You can return to
9 your seats, if you'd like.

10 There's going to be no other witnesses
11 from what I understand, is that correct?

12 MS. HOLLENBERG: That's correct.

13 CHAIRMAN HONIGBERG: All right. So, why
14 don't we take just a short minute, why don't you guys
15 return to your locations.

16 (Short pause.)

17 CHAIRMAN HONIGBERG: We will strike the
18 ID from the three exhibits, unless someone has an
19 objection to that, which would surprise me?

20 (No verbal response)

21 CHAIRMAN HONIGBERG: So, we'll do that.
22 I think the only other order of business is for all three
23 of you to have an opportunity to sum up your positions, if
24 you'd like.

{DW 14-176} {12-11-14}

1 Mr. Gray, I'll ask you to go first then.
2 In saying whatever it is you'd like to say, you might want
3 to respond to Commissioner Scott's question about water
4 quality, and if there are concerns, and if there are any
5 lingering issues with that. And, other than that, I mean,
6 I'd ask you to speak directly to the Stipulated Agreement,
7 if you could.

8 MR. GRAY: Sure.

9 CHAIRMAN HONIGBERG: And, you can remain
10 seated. Just make sure the microphone is close enough to
11 you so that it picks up.

12 MR. GRAY: Okay. As far as the water
13 quality goes, clearly, we've been up there now for 11, 12
14 years. And, we have had some issues in the past, clearly,
15 again, the whites were issues and so forth, sheets, white
16 shirts, white underwear, whatever. Clearly, the last --
17 more recently, we have not had any problems as far as
18 staining of clothing and so forth.

19 Then, moving onto being actively
20 involved, because we chose to, since the 18th of
21 September. The other people up there at Mill Brook
22 Village certainly had the occasion or the opportunity to
23 be involved, but, for various reasons, no one cared to
24 partake. And, that's their loss, from my point of view.

1 One comment Mr. Ingram made that kind
2 of, you know, certainly people know what's going on up
3 there. But I've got to say, truthfully, even though I'm
4 not under oath here, but, truthfully, since I've been
5 involved, not one person, other than Patti, who's been
6 actively involved and my -- and my closest neighbor, has
7 really talked to me about this. So, it appears to me that
8 they don't, whatever, have a concern. But I certainly
9 would have liked to have more participants to have more
10 brain trust to put this thing together.

11 Now, with that said, certainly it's been
12 a learning experience for me and Val, because we're not
13 used to this sort of thing. But I've got to say that the
14 process was sort of eye-opening. As Robyn said, I was
15 actively involved. I've written seven or eight letters,
16 posed questions to Mr. Ingram's response to the Staff
17 comments.

18 And, obviously, I've signed the
19 document, I'm satisfied. We hashed things out relative to
20 something as simple as trying to define "fair and
21 reasonable". And, that's pretty hard to do, depending on
22 which side you're on. And, I think, for -- speaking for
23 Valerie and I, we are satisfied with the process, we are
24 satisfied with the results.

1 And, since I don't know if I'll have a
2 chance to say anything else afterwards, I just want to say
3 that the whole PUC team working on this docket number,
4 including Alex, who was before --

5 MS. GRAY: Rorie.

6 MR. GRAY: -- Rorie? Rorie, all their
7 assistance and professional manner the entire team showed
8 while working on the program was terrific. I mean, they
9 really did help. So, that's a plus for them. And, I'm
10 also encouraged, as a taxpayer in New Hampshire, even
11 though it's property tax, to see that there are a lot of
12 good people in government doing their job.

13 So, I believe that's really all I have
14 to say. I don't know if my wife or Patti wants to say
15 anything, add to that.

16 MS. NOCITO: I would just like to say
17 that it was a very positive experience working with Mr.
18 Ingram and the PUC. We certainly had way -- our issues
19 were way far apart when we started this, but we were able
20 to come together, and I think everybody is happy. And,
21 quite frankly, I'm very happy for today to put closure on
22 all of this.

23 CHAIRMAN HONIGBERG: Thank you, Ms.
24 Nocito and Mr. Gray. I appreciate your comments. I'll

1 add something at the end in part in response to what you
2 said, Mr. Gray. And, I appreciate your comments.
3 Ms. Hollenberg.

4 MS. HOLLENBERG: Thank you. I would
5 just like to commend the Grays and Ms. Nocito for
6 participating in this process. They have added to the
7 result that you see before you, which we all believe is a
8 positive resolution of the matters before the Commission.
9 I am relatively new to this proceeding, so I cannot take
10 credit for the Staff fantasticness. But I can assure you
11 that I also experienced it in my work and appreciate their
12 efforts. And, I also appreciate the efforts of Mr. Ingram
13 as well for being flexible and accommodating with the
14 shifts of counsel in this case.

15 I ask that you approve this Settlement
16 Agreement as filed. Thank you.

17 CHAIRMAN HONIGBERG: Mr. Ingram.

18 MR. INGRAM: I think we came to a very
19 good Settlement Agreement that everyone is happy with.
20 And, I have to say the same thing, you have a great staff.
21 They really do their job well. They're very helpful. I
22 have dealt with some other divisions of the state, and
23 have not found them to be quite as helpful or supportive.
24 So, they really -- they really did a great job, each and

1 every one of them.

2 CHAIRMAN HONIGBERG: Thank you all very
3 much. We will be taking this matter under advisement. We
4 understand that there's a deadline and an order needs to
5 be issued very soon, and we will take care of that as
6 quickly as we can.

7 I would just say, in response to
8 Mr. Gray and Ms. Nocito's comments regarding Staff, we are
9 very fortunate to have a lot of very experienced and
10 professional people who work here. While Ms. Hollenberg
11 won't take credit for working it, we can. And, we very
12 much appreciate all the work that they put in.

13 We hope that you will take your
14 experiences back to your neighbors, association meetings,
15 or whatever, so that there can be sometimes a better
16 understanding of the processes that we all go through to
17 find what it is fair and reasonable in each circumstance.
18 And, it's essentially our jobs to determine what is
19 appropriate recovery for a company, which has legitimate
20 investments and needs to get a return on those investments
21 to be a going concern, and what's fair and reasonable from
22 the perspective of ratepayers. And, you made a reference
23 to "taxpayers". Interestingly, this entire agency, the
24 salaries of all the people you see who work here, for the

1 most part, are ratepayer-funded, not taxpayer-funded.
2 And, so, the relationship that we have with the people who
3 pay electric rates, gas rates, water rates, is a very
4 different one from other agencies who are generally funded
5 by taxes, it's, you know, business taxes, rooms and meals
6 taxes and such. We appreciate it when we have people here
7 who get to experience what we experience regularly. And,
8 we very much appreciate your comments.

9 So, anyway, if there's nothing further,
10 we'll -- as I said, we'll take the matter under advisement
11 and get an order out as quickly as we can. Thank you.

12 MS. HOLLENBERG: Thank you.

13 **(Whereupon the hearing was adjourned at**
14 **2:20 p.m.)**