

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

October 31, 2017 - 11:03 a.m.
Concord, New Hampshire

20 NOV '17 8:135

RE: DW 17-118
HAMPSTEAD AREA WATER COMPANY, INC.:
Request for Change in Rates.
(Prehearing conference)

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

Sandy Deno, Clerk

APPEARANCES: Reptg. Hampstead Area Water Company:
Robert C. Levine, Esq.

Reptg. PUC Staff:
John Clifford, Esq.
Mark Naylor, Director/Gas & Water Div.
Robyn Descoteau, Gas & Water Division

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

**CERTIFIED
ORIGINAL TRANSCRIPT**

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P R O C E E D I N G

CHAIRMAN HONIGBERG: Good morning, everyone. We're here in Docket DW 17-118, which is Hampstead Area Water Company's Petition to change its rates. It filed the proposed tariffs, we suspended those tariffs for investigation. We're here this morning for a prehearing conference.

And before we do anything else, let's take appearances.

MR. LEVINE: Good morning, Commissioners. Attorney Robert Levine, here for the Company, Hampstead Area Water Company, Inc. With me at counsel's table is our Controller, John Sullivan; our consultant, Steve St. Cyr; the President of the Company, Harold Morse; and the Vice President of the Company, Christine Lewis Morse.

MR. CLIFFORD: There's a gentleman that's sitting behind the counsel table for Hampstead Area Water. And I don't know if the Commission would like to hear from him first, or I'll just announce myself?

CHAIRMAN HONIGBERG: Why don't you

1 enter your appearance.

2 MR. CLIFFORD: I'll enter my
3 appearance as Mr. John Clifford, on behalf of
4 Commission Staff. At counsel's table is Mark
5 Naylor, the Director of the Commission's Gas &
6 Water Division; and Robyn Descoteau, Utility
7 Analyst.

8 CHAIRMAN HONIGBERG: And, sir, you
9 are?

10 MR. PETRAKIS: Yes. Good morning.
11 My name is Byron Petrakis, from Kingston, New
12 Hampshire. I represent a group of 49 unit
13 owners of the Lamplighter Estates Condo
14 Association, in Kingston.

15 Thank you.

16 CHAIRMAN HONIGBERG: Mr. Petralis --

17 MR. PETRAKIS: Petrakis.

18 CHAIRMAN HONIGBERG: -- Petrakis,
19 sorry, have you filed anything along the lines
20 of an intervention or anything?

21 MR. PETRAKIS: No, I have not. I've
22 simply forwarded signed petitions to be entered
23 as comments on the proposed rate hike -- rate
24 hike increase. We have not filed for a formal

1 intervention.

2 CHAIRMAN HONIGBERG: Have you
3 submitted those comments to the Commission?

4 MR. PETRAKIS: Yes, I have. They
5 were received by mail, I checked with the Clerk
6 yesterday.

7 I have also brought copies, in case
8 you need them.

9 CHAIRMAN HONIGBERG: I am informed
10 that we have them, although they haven't made
11 their way through to our in-boxes, I think.

12 Just so we understand your desire
13 here. Do you wish to participate in this
14 matter and be part of the case? Or do you just
15 want to monitor what's going on and submit
16 comments?

17 MR. PETRAKIS: I would like to
18 participate to the extent of my ability to do
19 so, as a citizen. I'm not a lawyer. I'm not
20 experienced in these matters. I'm simply a
21 spokesman. As I jokingly mentioned to another
22 gentleman in the room, I'm a retiree with too
23 much time on my hands.

24 But I am a concerned customer and

1 consumer. And I speak to the issue of
2 fairness, with respect to the fact that my
3 neighbors and I are all on a fixed income. And
4 the cost of living allowance for 2016 was zero
5 for Social Security. The cost of living
6 allowance for 2017 was 0.3. And, for 2018,
7 it's going to be 2.0. And I'll just mention
8 that that's what we're dealing with. We're on
9 fixed incomes, and we don't have a lot to look
10 forward to.

11 CHAIRMAN HONIGBERG: Okay.

12 MR. PETRAKIS: Thank you.

13 CHAIRMAN HONIGBERG: Well, it's
14 important that we understand your position and
15 how you want to be involved in this matter.

16 Have you contacted the Office of the
17 Consumer Advocate?

18 MR. PETRAKIS: I spoke by phone to a
19 representative, who urged me to send petitions,
20 which I did. And that's the extent of it.

21 CHAIRMAN HONIGBERG: Okay. I guess I
22 would encourage you to stay for the technical
23 session.

24 MR. PETRAKIS: Okay.

1 CHAIRMAN HONIGBERG: And speak with
2 the Company's representatives, with Staff,
3 about how you can participate to the best of
4 your ability. Staff is used to working with
5 people like yourself. The Office of the
6 Consumer Advocate also represents the interests
7 of residential ratepayers in matters like this.
8 So, it's also possible for you to reach out to
9 them.

10 So, I think I'll leave it at that for
11 now.

12 MR. PETRAKIS: Thank you very much.

13 CHAIRMAN HONIGBERG: I'm not aware of
14 any intervention petitions. Is that correct,
15 Mr. Clifford?

16 MR. CLIFFORD: That's correct. I did
17 check the docketbook this morning, and checked
18 with the Clerk's Office, and they haven't
19 received anything as of the time of this
20 hearing.

21 CHAIRMAN HONIGBERG: All right. Are
22 there any preliminary matters we need to deal
23 with before hearing the parties' positions?

24 MR. CLIFFORD: No. I think you've

1 already dealt with the filing by Mr. Petrakis.
2 And we have nothing further to add at this
3 time.

4 CHAIRMAN HONIGBERG: Okay. So,
5 Mr. Levine.

6 MR. LEVINE: Thank you,
7 Commissioners.

8 For the record, Hampstead Area Water
9 Company is a relatively small water company
10 that provides water to approximately 3,600
11 customers. It is presently franchised in most
12 areas of Hampstead and Atkinson, and we have
13 franchised satellite systems throughout Rocky
14 County. We have been granted a systemwide
15 consolidated rate.

16 It's been approximately five years
17 since our last rate case, which was a 2012
18 docket. Since that time, we have expended in
19 our franchise area, made significant capital
20 improvements, including the acquisition of
21 satellite systems. We've refinanced debt,
22 added additional paid-in capital, and increased
23 revenue and expenses.

24 The Company's permanent rate filing

1 increases revenue by \$223,672, so that the
2 Company can earn a proposed rate of return of
3 6.42 percent, which includes an 11.6 return on
4 equity. And this is done in its proposed rate
5 year -- proposed year-end rate balance base of
6 5,225,351.

7 The Company is also proposing a step
8 increase of \$64,638 for the 2017 acquisition of
9 the Wells Village system, as well as the 2017
10 additions to plant for wells, pumps, mains,
11 services and meters.

12 Overall, the Company is proposing to
13 increase revenues by the total sum of 228,310,
14 which represents a 17.16 permanent increase.

15 Since the Commission has suspended
16 rates -- the proposed permanent rates, the
17 Company is proposing temporary rates. The
18 proposed temporary rates would result in an
19 increase in revenue of 131,780, or a 7.36
20 percentage, allowing the Company to earn a
21 proposed rate of 5.44 percent, which includes a
22 9.6 return on equity. And this is on a
23 proposed rate base of 5,110,495. I am grateful
24 to our consultant, Steve St. Cyr, for providing

1 us with these numbers.

2 The Company is looking forward to
3 working with Staff of the PUC. It anticipates
4 to be able to resolve any issues that may arise
5 in the proceedings. It expects the Company and
6 Staff to be able to reach a settlement
7 agreement that will be filed with the
8 Commission for your approval.

9 Thank you.

10 CHAIRMAN HONIGBERG: Thank you,
11 Mr. Levine. Mr. Clifford.

12 MR. CLIFFORD: Yes. Thank you. The
13 Staff takes no position at this time, but
14 wishes to further explore the impact of this
15 proposed increase of nearly 18 percent, and as
16 well as the usefulness of the plant additions
17 and the capital structure and proposed rate of
18 return.

19 We do realize it's been five years,
20 approximately five years since the Company has
21 come forward with a request for a rate
22 increase. So, we'll be working diligently with
23 the Company in a technical session. We hope to
24 come up with a procedural schedule that would

1 satisfy all parties. And look forward to also
2 working with Mr. Petrakis and, you know,
3 assisting him in involvement in this docket.

4 CHAIRMAN HONIGBERG: Mr. Clifford or
5 Mr. Levine, any sense of how long you
6 anticipate this matter taking to get to a
7 hearing on the merits? Is this the kind of
8 thing that will take, you know, 60 days, 90
9 days, 180 days? What do we think?

10 MR. LEVINE: I would expect six
11 months, Mr. Commissioner.

12 CHAIRMAN HONIGBERG: That consistent
13 with your expectations?

14 MR. CLIFFORD: That's consistent with
15 our expectations at this time, yes.

16 CHAIRMAN HONIGBERG: All right. So,
17 if there's knowing else we can do for you,
18 we'll leave you to your technical session.

19 Mr. Petrakis, you've stated your
20 position in the comments.

21 MR. PETRAKIS: Yes.

22 CHAIRMAN HONIGBERG: And then you
23 also stated them orally as well. So, as I
24 said, I encourage you to stay for the technical

1 session and engage with the Company and Staff.

2 So, with that, we will adjourn.

3 Thank you.

4 MR. LEVINE: Thank you.

5 ***(Whereupon the prehearing***
6 ***conference was adjourned at***
7 ***11:13 a.m., and a technical***
8 ***session was held thereafter.)***