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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

September 7, 2007 - 1:06 p.m.  
Concord, New Hampshire

DAY V

RE: DW 04-048  
CITY OF NASHUA, NEW HAMPSHIRE:  
Petition for valuation pursuant to RSA 38:9.

PRESENT: Chairman Thomas B. Getz, Presiding  
Commissioner Graham J. Morrison  
Commissioner Clifton C. Below  
  
Connie Fillion, Clerk

APPEARANCES: Reptg. the City of Nashua, NH:  
Robert Upton, II, Esq. (Upton & Hatfield)  
Justin C. Richardson, Esq. (Upton & Hatfield)  
  
Reptg. Pennichuck Water Works, Pennichuck  
East Utilities & Pittsfield Aqueduct Co.:  
Steven V. Camerino, Esq. (McLane, Graf...)  
Sarah B. Knowlton, Esq. (McLane, Graf...)  
Joe Conner, Esq. (Baker, Donelson...)  
  
Reptg. Anheuser-Busch:  
John T. Alexander, Esq.(Ransmeier & Spellman)  
  
Reptg. the Town of Milford:  
E. Maria Reinemann, Esq.(Brown Olson & Gould)

COURT REPORTER: STEVEN E. PATNAUDE CCR

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APPEARANCES: (C o n t i n u e d)  
Claire McHugh, pro se  
Barbara Pressley, pro se  
Reptg. Residential Ratepayers:  
Rorie Hollenberg, Esq.  
Office of Consumer Advocate  
Reptg. PUC Staff:  
Marcia A. B. Thunberg, Esq.

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1 P R O C E E D I N G S

2 CHAIRMAN GETZ: Okay. Good afternoon.  
3 We'll reopen the hearing in docket DW 04-048. Before we  
4 proceed, let's take appearances for the record.

5 MR. RICHARDSON: Justin Richardson, on  
6 behalf of the City of Nashua. Mr. Upton will be here  
7 shortly.

8 CHAIRMAN GETZ: Good afternoon.

9 CMSR. MORRISON: Good afternoon.

10 CMSR. BELOW: Good afternoon.

11 MS. REINEMANN: Maria Reinemann, Town of  
12 Milford.

13 CHAIRMAN GETZ: Good afternoon.

14 CMSR. MORRISON: Good afternoon.

15 CMSR. BELOW: Good afternoon.

16 MR. ALEXANDER: John Alexander, for  
17 Anheuser-Busch.

18 CHAIRMAN GETZ: Good afternoon.

19 CMSR. MORRISON: Good afternoon.

20 CMSR. BELOW: Good afternoon.

21 MS. PRESSLEY: Barbara Pressley, citizen  
22 intervenor.

23 CHAIRMAN GETZ: Good afternoon.

24 MS. MCHUGH: Good afternoon. Claire

1 McHugh.

2 CHAIRMAN GETZ: Good afternoon.

3 MS. HOLLENBERG: Good afternoon. Rorie  
4 Hollenberg, here for the Office of Consumer Advocate.

5 CHAIRMAN GETZ: Good afternoon.

6 CMSR. MORRISON: Good afternoon.

7 CMSR. BELOW: Good afternoon.

8 MS. THUNBERG: Good afternoon. Marcia  
9 Thunberg, on behalf of Staff. With me today is Mark  
10 Naylor and Doug Brogan. Thank you.

11 CHAIRMAN GETZ: Good afternoon.

12 CMSR. MORRISON: Good afternoon.

13 CMSR. BELOW: Good afternoon.

14 MS. KNOWLTON: Sarah Knowlton and Steve  
15 Camerino, from the McLane law firm, here today for the  
16 Pennichuck companies. And, with us today from the Company  
17 is Donald Ware, the President of Pennichuck Water Works,  
18 Inc.

19 CHAIRMAN GETZ: Good afternoon.

20 CMSR. MORRISON: Good afternoon.

21 CMSR. BELOW: Good afternoon.

22 CHAIRMAN GETZ: I see we have a panel, I  
23 believe the gentlemen from R.W. Beck. Is there anything  
24 that we need to address before we hear from the panel?

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1                   MR. RICHARDSON: We've discussed, on a  
2 preliminary basis, the arrangement for witnesses on  
3 Monday. I believe Sarah has the list that we're going to  
4 propose.

5                   MS. KNOWLTON: Right. What we would  
6 propose is starting with Mr. Fuller, and then the panel  
7 testimony of Mr. Henderson, Ms. Hersh, and Mr. McCarthy.  
8 Then, Ms. McHugh, and then Mr. Sansoucy and Mr. Walker.

9                   CHAIRMAN GETZ: Okay. And, we're still  
10 expecting this afternoon to get to the redirect of the  
11 Veolia panel?

12                   MR. RICHARDSON: That is correct.  
13 They're here in Concord, and they should be coming with  
14 Mr. Upton.

15                   CHAIRMAN GETZ: Okay. All right. Is  
16 there anything else? Then, Mr. Patnaude, if you could  
17 swear in the witnesses please.

18                   (Whereupon Stephen R. Gates, Paul B.  
19 Doran, and Jack M. Henderson was duly  
20 sworn and cautioned by the Court  
21 Reporter.)

22                   STEPHEN R. GATES, SWORN

23                   PAUL B. DORAN, SWORN

24                   JACK M. HENDERSON, SWORN

[Witness panel: Gates|Doran|Henderson]

1 DIRECT EXAMINATION

2 BY MR. RICHARDSON:

3 Q. Good afternoon. Could you please state your names and  
4 positions.

5 A. (Henderson) My name is Jack Henderson. I'm a  
6 Professional Engineer and Project Manager with Tetra  
7 Tech, a consulting engineering firm.

8 A. (Gates) Good afternoon. My name is Stephen Gates. I'm  
9 a Senior Vice President with R.W. Beck.

10 A. (Doran) And, good afternoon. My name is Paul Doran,  
11 and I'm a Senior Consultant with R.W. Beck.

12 CHAIRMAN GETZ: Good afternoon,  
13 gentlemen.

14 BY MR. RICHARDSON:

15 Q. And, just to clarify, Mr. Doran, you are also the  
16 Project Manager for this case, correct?

17 A. (Doran) That is correct.

18 Q. Did you prepare testimony for this proceeding on  
19 January 12, 2006, that I'll represent to you is marked  
20 as "Exhibit 1006"?

21 A. (Gates) Yes.

22 A. (Witness Henderson nodding affirmatively).

23 A. (Doran) Yes.

24 Q. And, after preparing your testimony, did you provide

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[Witness panel: Gates|Doran|Henderson]

1 and prepare responses to data requests related to your

2 testimony that are marked as "Exhibit 1049 and 1050?"

3 A. (Doran) Yes, that's correct.

4 Q. And, do you adopt those exhibits as your testimony in  
5 this proceeding?

6 A. (Doran) yes.

7 Q. Are you aware of any changes or additions to your  
8 testimony at this time?

9 A. (Doran) No.

10 A. (Gates) No.

11 MR. RICHARDSON: Thank you. Your  
12 witnesses.

13 CHAIRMAN GETZ: Well, before we turn to  
14 you, Ms. Knowlton, I think we have the opportunity for --

15 MS. KNOWLTON: Excuse me.

16 CHAIRMAN GETZ: -- cross from  
17 Ms. Pressley or Ms. McHugh, do either of you have  
18 questions for these witnesses?

19 MS. MCHUGH: No thank you.

20 MS. PRESSLEY: No thank you.

21 CHAIRMAN GETZ: Ms. Hollenberg?

22 MS. HOLLENBERG: No thank you.

23 CHAIRMAN GETZ: Then, you're up.

24 MS. KNOWLTON: Thank you. Good

[Witness panel: Gates|Doran|Henderson]

1 afternoon, gentlemen.

2 WITNESS GATES: Good afternoon.

3 WITNESS HENDERSON: Good afternoon.

4 WITNESS DORAN: Good afternoon.

5 MS. KNOWLTON: Welcome to New Hampshire.

6 WITNESS HENDERSON: Thank you.

7 CROSS-EXAMINATION

8 BY MS. KNOWLTON:

9 Q. I'm going to start with you, Mr. Gates.

10 A. (Gates) Yes, ma'am.

11 Q. You're with R.W. Beck?

12 A. (Gates) That's correct.

13 Q. And, it's my understanding that Beck got involved with  
14 the Nashua project by submitting a response to Nashua's  
15 Request for Proposal for Oversight Services, is that  
16 correct?

17 A. (Gates) Yes, ma'am.

18 Q. And, Beck teamed up with Mr. Henderson, from Tetra  
19 Tech, and submitted a proposal, is that right?

20 A. (Gates) That's correct.

21 Q. The proposal was that Beck would be the oversight  
22 contractor, and Tetra Tech would subcontract with Beck  
23 to assist with certain technical water issues, like  
24 watershed management and vulnerability assessment, is

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[Witness panel: Gates|Doran|Henderson]

1           that correct?

2    A.    (Gates) Yes, ma'am.

3    Q.    And, Tetra Tech is providing those services, because  
4           Beck does not have that particular expertise?

5    A.    (Gates) I would characterize it differently, if I may?

6    Q.    Sure.

7    A.    (Gates) Thank you.  When we decided to pursue the RFP  
8           that the City had issued, we took a look, as we always  
9           do, to understand the issues of the client.  And,  
10          looking through the eyes of the client, we thought that  
11          complimenting the skills that Beck has, and we do have  
12          expertise in water treatment, however, our business  
13          model is a little different from the traditional  
14          consulting/engineering firm that you might be familiar.  
15          We offer high-level technical consulting in financial  
16          business consulting, and offer ourselves as business  
17          consultants to utilities.  So, while we have expertise  
18          in water treatment, we generally offer at a high  
19          conceptual level.

20                                Furthermore, the expertise relative to  
21          security issues that were included in the RFP and the  
22          watershed issues seem to be of particular importance to  
23          us.  And, we determined that Tetra Tech would be an  
24          excellent complement to our skills, given the fact that

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[Witness panel: Gates|Doran|Henderson]

1 they are among the most renown providers of those  
2 services nationwide within the water treatment  
3 business.

4 In addition, a third consideration for  
5 us, we enter into subcontracting relationships very  
6 carefully, in an intention to provide the best possible  
7 service that we can for our clients. And, I have known  
8 Jack Henderson for over 20 years. We've worked  
9 together. And, so, from a business management/business  
10 risk standpoint, I was very comfortable with having  
11 Tetra Tech as a teammate under the circumstances.

12 Q. Okay. Thank you. Mr. Henderson, Tetra Tech first got  
13 involved in this matter when you approached the Mayor,  
14 Mayor Streeter, and Mr. Sansoucy about the project, is  
15 that right?

16 A. (Henderson) That's correct, directly, but we were also  
17 involved as Rizzo Associates in doing some of the  
18 preliminary investigations and studies on the  
19 Pennichuck system for the City of Nashua.

20 Q. And, that was prior to this case, this eminent domain  
21 taking?

22 A. (Henderson) That is correct.

23 Q. That was back in the days when Pennichuck and  
24 Philadelphia Suburban were trying to enter into a

[Witness panel: Gates|Doran|Henderson]

1 transaction?

2 A. (Henderson) That is correct.

3 Q. Okay. And, so, for this particular project, this  
4 eminent domain case, you met with Mr. Sansoucy in  
5 October 2004 to understand what his objectives were, so  
6 that Tetra Tech could best position itself to win the  
7 project?

8 A. (Henderson) That's correct.

9 Q. And, as you said, Tetra Tech used to be -- well, Tetra  
10 Tech, did it purchase Rizzo Associates?

11 A. (Henderson) That's correct.

12 Q. And, Rizzo Associates, in that prior Philadelphia  
13 Suburban/Pennichuck case, had hired Mr. Sansoucy to do  
14 some work?

15 A. (Henderson) That's correct.

16 Q. And, I'm going to refer to some exhibits. I'm not  
17 necessarily going to pull them up. The Beck contract  
18 is contained in Exhibit 1006, Pages 80 through 104. I  
19 just want to note that for the record. And, the Tetra  
20 Tech contract is Exhibit 3047. Now, Mr. Gates, there  
21 is no signed contract between the City of Nashua and  
22 Beck?

23 A. (Gates) There's been some twists and turns. Paul, do  
24 we have a signed -- do we have a signed authorization

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[Witness panel: Gates|Doran|Henderson]

1 for this --

2 Q. Actually, I'm asking you the question. Can you just  
3 answer my question first, and then, if he has something  
4 to add, we'll hear from him.

5 A. (Gates) Okay. Yes. I am unclear of the signing status  
6 of our contract relationship with the City.

7 Q. Okay. Mr. Doran, is there a signed contract between  
8 Beck and the City?

9 A. (Doran) We had broken out some contract issues where we  
10 were selected to do some preliminary work. Among them,  
11 that's with a separate contract, as we had said, for  
12 this work, for the PUC support, and for the negotiation  
13 support with the Veolia agreement that we participated  
14 in. The contract that is part of the exhibit that you  
15 referred to has not been signed.

16 Q. Thank you. And, that contract that I'm referring to,  
17 that's Exhibit 1006, Pages 80 to 104, is the contract  
18 for the oversight services that Beck would be providing  
19 to the City of Nashua?

20 A. (Doran) Yes, ma'am. That's correct.

21 Q. And, the other document that you're referring to,  
22 which, you know, I certainly agree is a contract, is  
23 the Memorandum of Understanding between the City and  
24 Beck?

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[Witness panel: Gates|Doran|Henderson]

- 1 A. (Doran) That was one.
- 2 Q. Okay. And, we'll talk about that one later. Are there  
3 any others?
- 4 A. (Doran) Just that other one that I had mentioned for  
5 the PUC support.
- 6 Q. Okay. So, two?
- 7 A. (Doran) That's correct.
- 8 Q. And, does that two include the oversight services or  
9 are there three?
- 10 A. (Doran) The PUC support services was, in fact, part of  
11 that unsigned contract, it is part of the exhibit that  
12 you referred to. And, those two, there were two tasks  
13 listed in that contract that you referred to in Exhibit  
14 -- in our exhibit that was unsigned. And, we pulled  
15 those two tasks for PUC support out and made a separate  
16 agreement, because it was realized that support was  
17 needed prior to entering into any kind of an agreement.  
18 So, it was negotiated.
- 19 Q. Okay. And, that's the MOU, and we're going to get to  
20 that in a few minutes. But let's stick right now, and  
21 maybe let's just pull up Exhibit 1006, Page 80, just so  
22 that we can all have at least the front page of that  
23 document in front of us, so we're sure we're talking  
24 about the same thing. And, you should, on your

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[Witness panel: Gates|Doran|Henderson]

- 1 computer screen in the witness box, have that in front  
2 of you. Though, you're welcomed to look at a hard  
3 copy, if you prefer that. Do you see the document  
4 that's labeled "Exhibit 1006 Professional Services  
5 Agreement"?
- 6 A. (Doran) Yes, that's correct.
- 7 Q. And, that's the oversight contract with the City of  
8 Nashua?
- 9 A. (Doran) Yes, it is.
- 10 Q. And, that's the one that's not signed, correct?
- 11 A. (Doran) That is correct.
- 12 Q. Okay. And, certainly, this draft contract,  
13 Exhibit 106 -- 1006, because it's not signed, could  
14 change, Mr. Doran?
- 15 A. (Doran) Yes, ma'am. It depends on the wishes of the  
16 PUC, if, in fact, they would like some additional  
17 issues to be covered in the contract and an additional  
18 -- anything that they would add, certainly, that would  
19 be in addition.
- 20 Q. And, it's also subject to the wishes of the City of  
21 Nashua, because the Board of Aldermen would need to  
22 approve any final contract?
- 23 A. (Doran) That's correct.
- 24 Q. And, once that contract is signed, it can be terminated

[Witness panel: Gates|Doran|Henderson]

- 1 by either party with 30 days written notice, is that  
2 right?
- 3 A. (Doran) I believe that's correct.
- 4 Q. So, Nashua has no obligation to R.W. Beck beyond 30  
5 days, correct?
- 6 A. (Doran) That is your interpretation of that clause,  
7 yes.
- 8 Q. Mr. Henderson, there is no signed contract between  
9 Tetra Tech and R.W. Beck, correct?
- 10 A. (Henderson) I believe that's correct, yes.
- 11 Q. And, that contract, if we could go to Exhibit 3047, if  
12 you would look on your screen there. And, is the  
13 document that's titled "Subconsultant Agreement", is  
14 that the draft contract that I've been referring to?
- 15 A. (Henderson) That appears to be, yes.
- 16 Q. Okay. And, certainly, because this is a draft, it  
17 could change, correct?
- 18 A. (Henderson) Correct.
- 19 Q. All right. Now, under the proposal that the City of  
20 Nashua has put forward in this case, the City is going  
21 to be replacing the Pennichuck employees with  
22 consultants. Mr. Doran, you don't take issue with the  
23 quality of the work of any of the Pennichuck employees,  
24 do you?

[Witness panel: Gates|Doran|Henderson]

1 A. (Doran) Not knowing specific knowledge of that, I can't  
2 comment one way or the other.

3 Q. And, do you remember being deposed as part of this  
4 case?

5 A. (Doran) I remember that I know through general  
6 knowledge of the reputation that Pennichuck has in the  
7 industry, but not specific employees.

8 Q. Okay. And, in your deposition, if I can, this might  
9 refresh your memory about what you said, your testimony  
10 in your deposition was that -- was that Pennichuck "has  
11 very professional people working for them" and that  
12 "they're very reputable in providing water service".  
13 Does that sound about right to you?

14 A. (Doran) In fact, referring, you know, to the  
15 deposition, that's correct. I still do not retract  
16 anything from that statement.

17 Q. And, Mr. Henderson, in your words from your deposition  
18 were that the people that you know at Pennichuck "do  
19 their job very well". That sound right to you?

20 A. (Henderson) That does sound right to me.

21 Q. Okay. And, is that still your opinion today?

22 A. (Henderson) That is my opinion.

23 Q. Now, Mr. Gates, you filed testimony in this case, which  
24 Mr. Richardson referred to as "Exhibit 1006". And, in

[Witness panel: Gates|Doran|Henderson]

1 that testimony, you stated that "R.W. Beck is  
2 recognized nationwide for saving utilities money  
3 through innovative funding, contracting, operating, and  
4 business process strategies." That's at Page 3 of your  
5 testimony. Here, my understanding is is that the  
6 City's proposal is to hire four different contractors.  
7 There's R.W. Beck. We have Tetra Tech sitting next to  
8 you. And, yesterday, we heard -- or, Wednesday we  
9 heard from Veolia, and we heard that Veolia is going to  
10 have a relationship with Dufresne-Henry, which is now  
11 called "StanTech".

12 MR. RICHARDSON: Mr. Chairman, the  
13 question has gotten so compound and has so many conclusory  
14 statements in it that I think it ought to be rephrased so  
15 that the witness doesn't have to remember something they  
16 said a few minutes earlier in answering the question.

17 MS. KNOWLTON: I guess I can break it  
18 down --

19 MR. RICHARDSON: Because there are  
20 characterizations that we object to in that as well.

21 MS. KNOWLTON: Okay. Well, I'll break  
22 it into pieces, if you'd like?

23 CHAIRMAN GETZ: Please.

24 BY MS. KNOWLTON:

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[Witness panel: Gates|Doran|Henderson]

1 Q. Are there four contractors working on this project?

2 A. (Gates) Currently, the strategy is as you've  
3 articulated, to that Veolia has the contract operator,  
4 and Beck has the oversight contract, each with a  
5 subcontractor.

6 Q. So, that was a "yes", there are four?

7 A. (Gates) Yes, ma'am.

8 Q. Okay. Thank you.

9 CHAIRMAN GETZ: Yes, Mr. Gates, I think  
10 you're either going to need to move closer to the -- one  
11 of two things has to happen, move closer to the microphone  
12 or the microphone to you.

13 BY MS. KNOWLTON:

14 Q. And, the City went with that model because they didn't  
15 want to have to hire employees to carry out that work,  
16 is that your understanding?

17 A. (Gates) That's my understanding.

18 Q. And that, so, Beck essentially was going to perform the  
19 same tasks as a city department head would that would  
20 be in charge of the water system?

21 A. (Gates) Well, we have a specific scope of work attached  
22 to our contract. I would not say that it's analogous  
23 to a city department.

24 Q. Would you liken yourself to the senior management of a

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[Witness panel: Gates|Doran|Henderson]

1 utility?

2 A. (Gates) I would liken ourselves to an oversight  
3 contractor of the operations contract.

4 Q. Okay. So, here, the innovative strategy that Beck  
5 brought to the table was to have the four contractors  
6 do the work of the Pennichuck employees?

7 A. (Gates) Beck was responsive to an RFP the City  
8 submitted.

9 Q. Do you consider your RFP proposal innovative?

10 A. (Gates) I believe that it will offer high value to the  
11 City.

12 Q. Okay. And, in turn, Beck's going to get paid for that  
13 work, right?

14 A. (Gates) We're a professional services firm, yes.

15 Q. And, it's a for-profit company?

16 A. (Gates) It is.

17 Q. Do you know whether Veolia is a for-profit company?

18 A. (Gates) I believe it is.

19 Q. And, what about StanTech?

20 A. (Gates) Yes.

21 Q. And, Mr. Henderson, what about Tetra Tech?

22 A. (Henderson) It is.

23 Q. Okay. And, Mr. Henderson, does Tetra Tech bill out the  
24 services of its employees by the hour?

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[Witness panel: Gates|Doran|Henderson]

- 1 A. (Henderson) They do.
- 2 Q. Mr. Gates?
- 3 A. (Gates) Yes, ma'am.
- 4 Q. Does Beck do the same?
- 5 A. (Witness Gates nodding affirmatively).
- 6 Q. What is your current hourly rate, Mr. Gates?
- 7 A. (Gates) My current billing rate?
- 8 Q. Correct.
- 9 A. (Gates) I'm not sure what my billing rate is under this  
10 contract.
- 11 Q. Tell me what you charge other clients then.
- 12 A. (Gates) Oh, it ranges. My billing rate would be  
13 normally somewhere in the \$275 an hour range.
- 14 Q. Do you have any reason to believe that your rate for  
15 purposes of this contract is not \$275 an hour?
- 16 A. (Gates) I don't recall what it is on this contract.
- 17 Q. Okay. Let's take a look at Exhibit 1006. And, let's  
18 go to the -- let's go to Page 104. Are these the Beck  
19 rates that would apply to this contract?
- 20 A. (Gates) Yes, ma'am.
- 21 Q. Where do you fall on this chart?
- 22 A. (Gates) Under the "Executive Engineer" category.
- 23 Q. So, that's \$252 to \$295 an hour?
- 24 A. (Gates) That's correct.

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[Witness panel: Gates|Doran|Henderson]

- 1 Q. And, where in that range are you?
- 2 A. (Gates) Well, I said before "\$275" would be the typical  
3 billing rate for me.
- 4 Q. And, what will your -- what was your rate last year?
- 5 A. (Gates) I don't recall what was billed last year.
- 6 Q. You don't remember what you bill your work out at?
- 7 A. (Gates) Well, I don't know.
- 8 Q. Okay. Under this contract, do you expect that your  
9 rate would increase from year to year?
- 10 A. (Gates) Normally, we have an escalation that's a  
11 function of salary.
- 12 Q. Give me a sense of the percentage by which your rate  
13 escalated from 2006 to 2007?
- 14 A. (Gates) Probably 4 percent.
- 15 Q. Is it fair to assume then, from 2007 to 2008, that your  
16 rate would escalate by approximately 4 percent?
- 17 A. (Gates) That's a reasonable estimate.
- 18 Q. How many hours a year do you anticipate spending on the  
19 Nashua project?
- 20 A. (Gates) Under the current scope of works that's been  
21 defined in the contract, I would expect probably 100  
22 hours.
- 23 Q. How many hours a year overall do you bill out?
- 24 A. (Gates) Excuse me. In my current role, I have

{DW 04-048} (09-07-07/Day V)

[Witness panel: Gates|Doran|Henderson]

1 corporate responsibility that keeps me away from  
2 customers more than it used to. So, it might be, in  
3 this next year, 800 to 1,000 hours.

4 Q. I just did the math on my calculator, you can tell me  
5 whether I did it right or not. Just use 800 hours a  
6 year, at \$275 an hour, and that's \$220,000 a year if  
7 you billed out that much time, is that right?

8 A. (Gates) Uh-huh. If your calculator says so.

9 Q. Okay. \$27,500 of which would be billed to the City of  
10 Nashua under this contract, if your estimation of your  
11 time is correct.

12 A. (Gates) Uh-huh.

13 Q. Is that right?

14 A. (Gates) Yes.

15 Q. Okay. Mr. Doran, what is your hourly rate that will be  
16 billed to the City of Nashua under this contract?

17 A. (Doran) Based on the exhibit that's up on the screen, I  
18 fit into the "Senior Project Manager" box.

19 Q. In that range of \$132 an hour to \$168 an hour --

20 A. (Doran) No, that's not correct, ma'am.

21 Q. Am I reading that wrong?

22 A. (Doran) I said the "Senior Project Manager" rate.

23 Q. Oh. My apologies. I gave you a demotion, I'm sorry  
24 about that. In the range of 180 to 240 an hour. Where

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[Witness panel: Gates|Doran|Henderson]

1 does your hourly rate fall?

2 A. (Doran) It would be on the lower end of that range.

3 Q. What would it be?

4 A. (Doran) From, depending -- it would be in the \$190 to  
5 \$200 an hour range.

6 Q. I'm curious. When will Beck decide what your rate will  
7 be, for purposes of this contract?

8 A. (Doran) When the negotiations are concluded on the  
9 contract with the City.

10 Q. And, will your rate from 2007 to 2008 escalate at  
11 roughly the same 4 percent that Mr. Henderson -- excuse  
12 me, Mr. Gates just referred to?

13 A. (Doran) You can use that as a guideline, yes.

14 Q. Okay. How many hours a year do you anticipate billing  
15 out to the City of Nashua under this contract?

16 A. (Doran) I think the scope in Exhibit A lists the  
17 assumptions and the coverages of hours for this  
18 particular Scope of Services that we have.

19 Q. And, tell me what your understanding is of the amount  
20 of time that you will spend on this contract for its  
21 first year?

22 A. (Doran) For the first year of the contract?

23 Q. Correct.

24 A. (Doran) Are you including with that first year of the

[Witness panel: Gates|Doran|Henderson]

1 contract transition services?

2 Q. Yes. Let's, for purposes of my question, let's assume  
3 that the PUC has approved the taking of the Pennichuck  
4 assets, and the City of Nashua is now operating the  
5 water utility. And, you're providing oversight  
6 services under this contract that we have up here on  
7 the screen, which includes, and we're going to get to  
8 it later, Initial and Recurring Tasks, in that first  
9 year of the contract, how many hours are you going to  
10 work on it?

11 A. (Doran) I would say, roughly, and very roughly,  
12 responding to the needs of transition services, which  
13 have not been defined as of yet, so that is an unknown,  
14 through the Scope of Services that have been defined  
15 and the anticipated additional services through  
16 transition, I would estimate from -- to approximately  
17 maybe three-quarter time.

18 Q. How many hours a year does that calculate for you?

19 A. (Doran) Whatever three-quarters of a billable year is.

20 Q. What is a typical billable year for you?

21 A. (Doran) I run in the 90 percent billable.

22 Q. Okay. Well, I work at a law firm, and I bill my hours  
23 out, and I know that I have a quota of hours that I  
24 bill, and I can look back every year and see

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[Witness panel: Gates|Doran|Henderson]

- 1 approximately how much I bill, how many hours each  
2 year. Tell me, based on the number of hours that you  
3 billed last year, what would be three-quarters of that?
- 4 A. (Doran) Based on that question, approximately a  
5 thousand hours.
- 6 Q. And, let's just do the math for me. A thousand hours,  
7 at \$190 an hour, how much are you going to bill out a  
8 year under the contract, in that first year?
- 9 A. (Doran) Well, I don't believe I need a calculator for  
10 that.
- 11 Q. Okay. I'm a lawyer. I don't do math well. Just  
12 kindly answer.
- 13 A. (Doran) Why don't you punch it in your calculator and  
14 see what you get?
- 15 Q. Why don't you just -- you're here to testify today, I'm  
16 not. Tell me the answer please.
- 17 A. (Doran) Seriously, ma'am, it's \$190,000.
- 18 Q. Okay. So, we've got 190,000 for you, we've got 27,500  
19 for Mr. Gates. Mr. Henderson, you probably know you're  
20 next.
- 21 A. (Henderson) I've been doing the math.
- 22 Q. What is your -- You've got to be better at math than I  
23 am. What is your hourly rate under the Tetra Tech/Beck  
24 draft contract?

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[Witness panel: Gates|Doran|Henderson]

- 1 A. (Henderson) I would have to look at the contract to see  
2 that.
- 3 Q. Okay. So, let's see 3047 please. Go to the last page  
4 of that contract. Is that big enough to read?
- 5 A. (Henderson) Yes, I can read that.
- 6 Q. Where do you fall on this chart?
- 7 A. (Henderson) "Project Director" level and "Senior  
8 Project Manager" -- "Project Director" level.
- 9 Q. \$165 an hour?
- 10 A. (Henderson) That's correct.
- 11 Q. How many hours do you anticipate billing out under the  
12 Tetra Tech/Beck contract, assuming it gets signed, for  
13 one year?
- 14 A. (Henderson) Hypothetically, we'd be looking somewhere  
15 in the range of, I'm guessing 150, I'd have to go back  
16 and look specifically at the tasks that we're  
17 responsible for and where I would have to participate  
18 in those tasks. But I'm guessing, estimate about 150  
19 hours a year.
- 20 Q. I'll do the math for you. That's \$24,750?
- 21 A. (Henderson) If you say so.
- 22 Q. Okay. And, so, I'm going to add Mr. Doran's \$190,000  
23 to your 24,750, plus Mr. Gates' 27,500, and that gets  
24 me to \$242,250 total. Now, Mr. Henderson, any time

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[Witness panel: Gates|Doran|Henderson]

1 that you bill under that contract, that's marked up  
2 10 percent by Beck, right?

3 A. (Henderson) I'm not sure. Is that --

4 Q. Mr. Gates, do you know the answer to that?

5 A. (Gates) Yes, that's the current payment terms of the  
6 contract.

7 Q. All right. Let's turn to, for a minute, to the Veolia  
8 contract, which I believe, Mr. Gates -- excuse me, R.W.  
9 Beck was involved in assisting with those negotiations,  
10 is that right?

11 A. (Gates) Yes, ma'am. We had a role.

12 Q. What was -- Please describe what your role was in those  
13 negotiations?

14 A. (Gates) Well, Paul was the primary staff member  
15 involved on behalf of R.W. Beck. And, we collaborated  
16 with the rest of the City's negotiating team to offer  
17 the technical advice as to how to structure the  
18 performance of the contract.

19 Q. Were you effectively representing the City's interests  
20 in those negotiations?

21 A. (Gates) Well, we certainly tried our best to  
22 effectively provide for the City's interests. That was  
23 our intent.

24 Q. Mr. Henderson, did you participate in those

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[Witness panel: Gates|Doran|Henderson]

1 negotiations with Veolia on their draft O&M contract?

2 A. (Henderson) Yes, I did.

3 Q. And, please describe what your role was in those  
4 negotiations.

5 A. (Henderson) Again, technical support, in much the same  
6 role as Beck's.

7 Q. And, Mr. Henderson, you thought that there were some  
8 valid metrics that should have been included in the  
9 contract that didn't end up in the final draft, is that  
10 right?

11 A. (Henderson) I'm not sure what you're referring to.

12 Q. Okay. Well, let's see. When you were deposed, do you  
13 remember being deposed in this case?

14 A. (Henderson) I do recall being deposed.

15 Q. And, in your deposition, an issue came up about  
16 performance metrics, and, in particular, you mentioned  
17 in your deposition, when asked, that "there was no  
18 performance metric in the Veolia/Nashua contract that  
19 would give Veolia any incentive to minimize its energy  
20 consumption costs in running the water system." Does  
21 that refresh your memory?

22 A. (Henderson) As I recall -- As I recall, those  
23 performance standards were discussed, but not  
24 implemented at that time as part of the contract.

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[Witness panel: Gates|Doran|Henderson]

- 1 Q. Do you know whether they're in the draft contract that  
2 is before the Commission today?
- 3 A. (Henderson) I don't believe they are.
- 4 Q. Okay. And, apparently, at the time of your deposition,  
5 though, you believed that that was a good idea to have  
6 that kind of incentive for Veolia?
- 7 A. (Henderson) I think that, in general, having incentives  
8 in these types of contracts are advantageous.
- 9 Q. You also thought it would be good to have a performance  
10 metric for unplanned maintenance?
- 11 A. (Henderson) If that's what I said, yes.
- 12 Q. Would you still agree with that today?
- 13 A. (Henderson) Yes.
- 14 Q. And, at your deposition, what you said was that, if you  
15 do a good job planning maintenance, then you hopefully  
16 reduce your cost in unplanned maintenance?
- 17 A. (Henderson) That's correct.
- 18 Q. Okay. Now, both -- Mr. Gates, you've mentioned that,  
19 or maybe it was Mr. Doran, you mentioned that you did  
20 some work for the City in negotiating this Veolia  
21 contract that you anticipated to be paid for, is that  
22 correct?
- 23 A. (Doran) That's correct.
- 24 Q. And, at one point in time, is it your recollection that

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[Witness panel: Gates|Doran|Henderson]

- 1 Mr. Upton's firm issued a notice to proceed to R.W.  
2 Beck to go ahead and perform that work, negotiating the  
3 Veolia contract?
- 4 A. (Doran) That is correct.
- 5 Q. And, did R.W. Beck rely on that notice to proceed in  
6 performing the negotiating work?
- 7 A. (Doran) Yes, we did.
- 8 Q. And, at some point, the City rescinded that promise, is  
9 that right?
- 10 A. (Doran) That is correct.
- 11 Q. And, Beck --
- 12 A. (Doran) A correction, ma'am. The City did not rescind  
13 it. It was the Upton firm that rescinded it, to be  
14 accurate.
- 15 Q. Was it your understanding that Mr. Upton's firm was  
16 representing the City when that decision was  
17 communicated to you?
- 18 A. (Doran) Yes.
- 19 Q. And, so, I assume you must have been surprised to get  
20 that communication from Mr. Upton?
- 21 A. (Doran) That was -- Yes, that was correct. I was very  
22 surprised.
- 23 Q. Okay. And, what you did was you went to Mr. Sansoucy  
24 to ask that he help intervene on your behalf to get you

[Witness panel: Gates|Doran|Henderson]

1 paid? Do you remember that?

2 A. (Doran) I believe that there was one conversation with  
3 Skip Sansoucy regarding that, yes.

4 Q. Was he successful in helping you?

5 A. (Doran) Ultimately, I don't think his input was as  
6 successful as we anticipated.

7 Q. Did you get paid?

8 A. (Doran) Ultimately, we did get paid.

9 Q. Okay. Let's see Exhibit 3254. Have you seen this  
10 document before, Mr. Doran?

11 A. (Doran) I've seen this document, yes.

12 Q. Okay. Let's go to the next page please. Is this the  
13 first page of this memorandum, MOU of understanding  
14 that we've been speaking about?

15 A. (Doran) It's the wrong MOU of understanding, because  
16 we're not Veolia. This is the MOU of understanding  
17 with Veolia.

18 Q. My apologies. Let me get the -- sorry about that. Can  
19 you see that okay?

20 A. (Doran) Yes. It's a little blurry, but I think, even  
21 with my old, tired eyes, I can make it out.

22 Q. Okay. Well, do your best. So, this MOU is -- the  
23 handwritten date on it is May 12, 2006, and it's  
24 between R.W. Beck and the City of Nashua. And, it

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[Witness panel: Gates|Doran|Henderson]

1 looks like there was the dispute that we've heard you  
2 talk about, in terms of not -- Beck not getting paid,  
3 but that the MOU resolved that dispute, is that right?

4 A. (Doran) Yes, that's correct.

5 Q. And, if you would look, there's a number of "whereas"  
6 clauses on this first page. If you would, there's one  
7 that's highlighted, if you could look at that please,  
8 and I'll move the document up a little bit so that you  
9 can see it. Can you just read the first two sentences  
10 of that please for the record.

11 MR. UPTON: Could the entire "whereas"  
12 clause be made available to him, so he could read the  
13 entire "whereas" clause --

14 MS. KNOWLTON: Sure.

15 MR. UPTON: -- and be able to have that  
16 in context?

17 MS. KNOWLTON: He can't. He's got to  
18 flip the page to read it. But I can show him the hard  
19 copy first, if you'd prefer?

20 MR. UPTON: I would prefer.

21 MS. KNOWLTON: May I approach the  
22 witness?

23 CHAIRMAN GETZ: Please.

24 (Atty. Knowlton handing document to

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[Witness panel: Gates|Doran|Henderson]

1                   Witness Doran.)

2                   MS. KNOWLTON: Why don't you let me know  
3 when you're done reading that.

4                   CHAIRMAN GETZ: Ms. Knowlton, is this an  
5 exhibit?

6                   MS. KNOWLTON: It is an exhibit, and I  
7 apologize. What happened is the hard copy that we have up  
8 on the track up there that was stickered is correct, and  
9 for some reason what was scanned in is incorrect. And, I  
10 apologize about that. I'd be happy to go get the  
11 stickered original for the Commissioners, if you would  
12 like to look at that? Or, I can put this up on ELMO.

13                   CHAIRMAN GETZ: On ELMO is fine. And,  
14 just the question was was "had it been marked as an  
15 exhibit?"

16                   MS. KNOWLTON: Yes, it was marked. And,  
17 I apologize for the mix-up there with the document. Okay.  
18 Maybe the mistake is just on my end.

19 BY MS. KNOWLTON:

20 Q. Mr. Doran, have you had a chance to read that full  
21 recital clause that your counsel wanted you to look at?

22 A. (Doran) Yes, I did.

23 Q. Okay. And, so, what I had asked you is that can you  
24 read that, the first two sentences of that into the

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[Witness panel: Gates|Doran|Henderson]

1 record please?

2 A. (Doran) "Whereas, the Parties have successfully  
3 resolved misunderstandings related to services  
4 performed by the consultant as summarized in this MOU.  
5 In order to resolve these issues and move forward to  
6 form a solid foundation for future work together, the  
7 parties agree that the performances and payment issues  
8 related to this MOU will be treated in a confidential  
9 manner, and that neither Party will initiate any action  
10 to disclose these issues to any third party."

11 Q. And, in effect, the City and Beck were trying to smooth  
12 things over so, you know, that you could move forward  
13 in a positive and productive manner?

14 MR. UPTON: I object to characterization  
15 of "smooth things over". That's her testimony, not his  
16 testimony.

17 MS. KNOWLTON: Okay.

18 BY MS. KNOWLTON:

19 Q. Well, the words of the MOU are that you were going to  
20 "form a solid foundation for future work together". Is  
21 that -- Are those words words that you agree with, in  
22 terms of the nature of the relationship at that time?

23 A. (Doran) I don't totally agree with it, that there was  
24 not a solid foundation in existence prior to this

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[Witness panel: Gates|Doran|Henderson]

1 document. There may be some misunderstanding  
2 surrounding the issue of the notice to proceed, and,  
3 after the work was completed, the rescinding of that  
4 notice to proceed. However, we never stopped work. We  
5 were faithfully there at the table, always,  
6 representing the City's interest 100 percent, and built  
7 relationships with City personnel. Also at the table  
8 and City personnel within the City, the mayor, the  
9 Chief Financial Officer, etcetera. So, I don't 100  
10 percent characteristic that there was no solid  
11 foundation prior to this. That we just -- And, I did  
12 not develop the terms that you see in writing here. I  
13 was not involved in developing this MOU, just so you  
14 know. So, the incharacterization -- it's an incorrect  
15 characterization. I think we were having a solid  
16 foundation, and it was resulting -- any  
17 misunderstandings were resulting from pure payment  
18 issues regarding the notice to proceed and subsequent  
19 rescinding of that notice to proceed. Regarding the  
20 relationships that were built, they were solid, and  
21 they continue to be even more so.

22 Q. Great. Let's go to Page 2 of this document. It's up  
23 on your screen as well, if you prefer to look at the  
24 digital copy. Now, the second paragraph of this

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[Witness panel: Gates|Doran|Henderson]

1 memorandum, which is from Mr. Rootovich to Mayor  
2 Streeter, indicates that the Mayor disagreed with  
3 certain of the charges that Beck had sent to the City  
4 regarding its work for the City. Is that a fair  
5 characterization of the situation?

6 A. (Doran) Could you repeat the question, Ms. Knowlton.

7 Q. Why don't you read the second paragraph of Page 2. Why  
8 don't you read it out loud for the record please.

9 A. (Doran) "This Memorandum of Understanding pushes  
10 payment of these bills out to the completion of the  
11 process, or April 2007, whichever is sooner. And, in  
12 consideration of my disagreement over certain charges  
13 related to these bills, R.W. Beck will credit \$12,000  
14 total against its future contracts with the City of  
15 Nashua regarding oversight management services of  
16 Veolia."

17 Q. Which of your bills did the Mayor dispute?

18 A. (Doran) I don't recall exact bills that he disputed.

19 Q. Were their services that he disputed?

20 A. (Doran) I think the negotiations took longer than  
21 expected, and the frequency of the meetings, and that's  
22 all my recollection of -- that it would impact any  
23 pricing or bills that we would submit. I don't recall  
24 any bill or exact bills or a dollar figure that he

[Witness panel: Gates|Doran|Henderson]

1           disputed. I just don't recall.

2       Q.    R.W. Beck agreed to credit the City back \$12,000, isn't  
3           that right?

4       A.    (Doran) That's correct.

5       Q.    Why is that?

6       A.    (Doran) We have a stellar record of standing behind our  
7           clients and our clients working with us. And, I'll  
8           defer to Mr. Gates for reasons, because the crediting  
9           is beyond my authority at R.W. Beck. But I know that,  
10          too, if there were any misunderstandings, that we  
11          credited that \$12,000 to continue the goodwill, that we  
12          worked hard to establish with the City. And, beyond  
13          that, I would defer to Mr. Gates to respond.

14      Q.    Mr. Gates, I have a question for you about this. If  
15           Beck and the City never enter into a contract, does  
16           Beck still owe the City \$12,000?

17      A.    (Gates) I believe the -- let me just refer to the memo  
18           of understanding for just a minute, if you would. I  
19           believe the four corners of the memo of understanding  
20           are clear on that point.

21      Q.    Can you explain your understanding of whether the  
22           \$12,000 is owed, if there's no contract signed between  
23           Beck and the City?

24      A.    (Gates) The credit is to be applied for future

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[Witness panel: Gates|Doran|Henderson]

1 services.

2 Q. Can you answer my question "yes" or "no"?

3 A. (Gates) Why don't you restate the question for me.

4 Q. If Beck and the City of Nashua don't enter into a  
5 contract, does Beck owe the City of Nashua \$12,000?

6 A. (Gates) I don't believe the MOU requires that.

7 MS. KNOWLTON: Mr. Chairman --

8 CHAIRMAN GETZ: And, gentlemen --

9 MS. KNOWLTON: I'm sorry.

10 CHAIRMAN GETZ: Excuse me, Ms. Knowlton.

11 As a general matter, we've got a lot to cover this  
12 afternoon. I think there's a number of areas where Ms.  
13 Knowlton, I understand the question, and I'm hoping that  
14 you understand the question. I don't think there's any  
15 reason to drag some of these out. We have the gentlemen  
16 -- the panel from Veolia we're hoping to address today.  
17 So, I would just ask Ms. Knowlton and the witnesses to  
18 let's --

19 MS. KNOWLTON: Okay.

20 CHAIRMAN GETZ: -- let's move this  
21 along.

22 MR. RICHARDSON: Mr. Chairman, just in  
23 fairness. These aren't regular witnesses. And, they look  
24 nervous as heck to me about all of this. And, I think

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[Witness panel: Gates|Doran|Henderson]

1 they're just, you know, there's not an intent here to not  
2 respond. I just think they're trying to, you know, not  
3 get tripped up.

4 CHAIRMAN GETZ: And, I understand that  
5 sentiment entirely. So, maybe now we're all on the same  
6 page.

7 MS. KNOWLTON: And, it's not my  
8 intention to trip anyone up. I just want to understand  
9 myself what the arrangements are here. So, anything you  
10 can do to help me do that, I'd greatly appreciate.

11 BY MS. KNOWLTON:

12 Q. Mr. Henderson, has Tetra Tech been paid for its  
13 services negotiating on the City's behalf for Veolia?

14 A. (Henderson) That's correct.

15 Q. Okay. Let's move on to another topic. We've heard  
16 enough about the MOU. Let's talk about Beck's  
17 oversight experience. Mr. Doran, you're not familiar  
18 with any Beck oversight of a water distribution  
19 utility, are you?

20 A. (Doran) No, I am not.

21 Q. Mr. Gates, in its discovery responses in this case,  
22 R.W. Beck cited to the work that you've done with the  
23 Tampa Bay Water Authority, as an arrangement, that that  
24 was the most similar to the one that was proposed for

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[Witness panel: Gates|Doran|Henderson]

1 Nashua. Do you recall that?

2 A. (Gates) Yes, ma'am.

3 Q. And, my understanding is is that Tampa Bay is not a  
4 water distribution utility, it's a wholesale water  
5 provider, is that right?

6 A. (Gates) They treat and distribute water on a wholesale  
7 basis.

8 Q. Who do they distribute it to?

9 A. (Gates) I believe that there is a regional -- They're a  
10 regional authority and they have six member cities in  
11 the Tampa Bay area.

12 Q. And, the way that my understanding of that  
13 organizational structure of this water authority is  
14 that the six participating municipalities all have a  
15 seat on the board of the Water Authority. Is that your  
16 understanding as well?

17 A. (Gates) I believe that's correct.

18 Q. Okay. And, the Water Authority in Tampa also retains  
19 fairly significant internal expertise, you know, to  
20 provide the wholesale water services, is that correct?

21 A. (Gates) They have a billion dollar capital program.  
22 So, I'm sure that they have quite a staff to manage  
23 that.

24 Q. Are you aware that Pennichuck Water Works serves

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[Witness panel: Gates|Doran|Henderson]

1 customers outside the City of Nashua?

2 A. (Gates) Yes, ma'am.

3 Q. And, can you name some of the communities in which they  
4 provide service?

5 A. (Gates) Merrimack is one that immediately comes to  
6 mind.

7 Q. Name three others.

8 A. (Gates) I'll defer to my --

9 Q. Do you know?

10 A. (Gates) No, I don't.

11 Q. Mr. Doran?

12 A. (Doran) The communities I believe, I'm not sure if it's  
13 Milford that's part of the district or not.

14 Q. Pennichuck Water Works, I'm sorry.

15 A. (Doran) Oh.

16 Q. That serve the communities, can you just -- can you  
17 tell me three communities other than the City of Nashua  
18 that Pennichuck Water Works serves?

19 A. (Doran) I don't have that answer on the top of my head,  
20 no.

21 Q. Okay. Are you aware, Mr. Gates, that the customers  
22 that live outside the City of Nashua that are served by  
23 Pennichuck Water Works don't have the ability to vote  
24 for the elected officials of the City of Nashua?

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[Witness panel: Gates|Doran|Henderson]

1 A. (Gates) Yes.

2 Q. So, when R.W. Beck said, in its proposal to Nashua,  
3 that it was creating a "community-owned water utility",  
4 it's a bit of a misnomer to say that it's  
5 "community-owned", because not all the communities that  
6 are served are going to be owners, is that fair?

7 A. (Gates) Well, as I recall, at the time there was active  
8 discussion about a regional district being formed as  
9 well.

10 Q. But that's not before the Commission today, is it?

11 A. (Gates) As I understand, no.

12 Q. Mr. Doran, you've been with Beck since 2004, correct?

13 A. (Doran) Yes.

14 Q. And, you've got a lot of experience in wastewater, is  
15 that right?

16 A. (Doran) Yes, that's correct.

17 Q. And, is that mostly design and build experience?

18 A. (Doran) It expands the full gamut of experience, from  
19 process design to contractual management of contracts,  
20 construction management, etcetera.

21 Q. How many of those, just roughly speaking, how many of  
22 those projects have you done?

23 A. (Doran) Ma'am, which projects are those?

24 Q. For wastewater, of whatever nature of the service

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[Witness panel: Gates|Doran|Henderson]

1 provided.

2 A. (Doran) In 33 plus years, it's been quite a few. I  
3 don't have a number offhand.

4 Q. Are you aware that there are different regulations for  
5 wastewater than water?

6 A. (Doran) Yes, I am.

7 Q. And, are there more regulations that apply to drinking  
8 water than to wastewater?

9 A. (Doran) I know that they're probably characterize that,  
10 there are regulations. I don't know the expanse, as  
11 far as all the regulations. But, certainly, water has  
12 its share of regulations.

13 Q. Mr. Henderson, you're the technical water expert that's  
14 assisting Beck, correct?

15 A. (Henderson) That's correct.

16 Q. And, do you -- would you be able to give me a sense of,  
17 roughly speaking, how many regulations govern  
18 wastewater versus water, drinking water?

19 A. (Henderson) They're both highly regulated entities, so  
20 -- and I couldn't begin to tell you which one has  
21 actually more regulations than the other. They're both  
22 highly regulated.

23 Q. So, it's possible that, even though wastewater doesn't  
24 come into our bodies, that it's regulated at the same

[Witness panel: Gates|Doran|Henderson]

1 level as drinking water?

2 A. (Henderson) It's highly regulated, yes.

3 Q. Okay. Mr. Doran, do you, given that you have some  
4 experience, significant experience in wastewater, do  
5 you have experience in drinking water?

6 A. (Doran) Yes, I do.

7 Q. Okay. But you've never operated a drinking water  
8 system directly?

9 A. (Doran) I'm an engineer, not an operator.

10 Q. Okay. Do you have any sense of whether there would be  
11 different customer service issues that would affect  
12 drinking water than wastewater?

13 A. (Doran) Oh, I'm sure, turn on and turn offs of systems  
14 and things like that. Sure. There are customer  
15 service -- on the customer service aspect, they would  
16 be different.

17 Q. Can you list for me the differences that you consider  
18 to be significant?

19 A. (Doran) Certainly, responding to main breaks is one.  
20 The meter readings is another. Those are two that are  
21 significant.

22 Q. What about discolored water?

23 A. (Doran) Certainly anything to do with perceived water  
24 quality by a consumer would be receiving phone calls on

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[Witness panel: Gates|Doran|Henderson]

- 1 a customer service basis.
- 2 Q. It would be a heightened level of anxiety over that,  
3 compared to wastewater?
- 4 A. (Doran) Potentially. I would acknowledge that.
- 5 Q. Okay. Let's go back to the contract. Mr. Gates, if  
6 you would explain in a nutshell the services that Beck  
7 is going to be providing to Nashua under that contract.
- 8 A. (Gates) Well, the scope is fairly explicit. And, in a  
9 nutshell, it's to oversee the work of the contract  
10 operator that the City contracts with.
- 11 Q. My understanding is that there's seven categories of  
12 service under that contract. If we could pull up  
13 Exhibit 1006, Page 80. If you could go to Page 89  
14 please. Do you have that before you? It's up on the  
15 screen as well, if you want to look at the screen.
- 16 A. (Gates) I have that in front of me, yes.
- 17 Q. There's some headings in larger font throughout this  
18 document. The one that I see on here that says  
19 "Owner's support for Public Utility Commission  
20 Proceedings". Is that one of the seven categories of  
21 service that Beck will be performing?
- 22 A. (Gates) We have agreed to --
- 23 Q. Either of you may answer.
- 24 A. (Doran) I'm sorry.

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[Witness panel: Gates|Doran|Henderson]

1 Q. Either of you may answer.

2 A. (Gates) We've agreed to support the PUC proceedings,  
3 yes.

4 Q. Okay. So, can you just flip through the contract and  
5 tell me what those seven categories of service are as  
6 you understand them?

7 A. (Gates) When you say "seven categories of service", I  
8 believe there were seven Initial Tasks.

9 Q. Well, I see these headings, "Owner's support for Public  
10 Utility Commission proceedings", "Owner's support for  
11 bonding requirements".

12 MR. UPTON: Maybe the witness could say  
13 what the items are, and then we could count and see  
14 whether they equal seven.

15 MS. KNOWLTON: That would be fine by me.

16 BY THE WITNESS:

17 A. (Gates) "O&M Service Agreement Negotiations Support",  
18 "Consulting Support for PUC Proceedings, "Support for  
19 the owner's bonding requirements" -- "Owner's Support  
20 for Bonding Requirements", "Oversight of Owner's Water  
21 Ordinance", Oversight of Local Permit Compliance" --  
22 excuse me, "State, Federal and Local Permit  
23 Compliance", "O&M" -- "Oversight of O&M Contractor  
24 Service Agreement - Basic Services" and that's that

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[Witness panel: Gates|Doran|Henderson]

1 goes on for seven tasks.

2 BY MS. KNOWLTON:

3 Q. I think you got the seven. Maybe Supplemental Services  
4 being the seventh?

5 A. (Gates) There are Recurring Tasks as an additional  
6 subheading, and then we get to the Supplemental.

7 Q. Okay. Now, again, my most general understanding of  
8 what you're going to be doing under those seven  
9 headings is overseeing Veolia to make sure that they do  
10 what they're supposed to do under the contract, is that  
11 right?

12 A. (Gates) That's correct.

13 Q. Why is it necessary to have someone overseeing Veolia?

14 A. (Gates) Well, in my experience, when there's a  
15 significant public contract, it's not unusual for an  
16 owner to want oversight, to ensure that their interests  
17 under the contract are satisfied.

18 Q. Will Veolia be reporting to Beck on a day-to-day basis?

19 A. (Gates) Well, we'll each have contracts with the owner.  
20 There's no contract relationship between Beck and  
21 Veolia.

22 Q. I actually had a "yes" or "no" question. But can we  
23 start with a "yes" or "no" answer, and then you can  
24 tell me more --

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[Witness panel: Gates|Doran|Henderson]

1 A. (Gates) Well, I guess maybe I need to understand what  
2 you mean by "reporting". I would --

3 CHAIRMAN GETZ: Yes, I think, in this  
4 case, Ms. Knowlton, that there is an issue about what the  
5 question means, in terms of support. I found his answer  
6 responsive.

7 MS. KNOWLTON: Okay.

8 WITNESS GATES: Does that mean it's your  
9 turn for the next question?

10 MS. KNOWLTON: No, I want -- sure, I'll  
11 ask you another one.

12 BY MS. KNOWLTON:

13 Q. My question was, is Veolia going to be reporting to you  
14 on a day-to-day basis? Why don't you first tell me  
15 what you understand the word "reporting" to mean?

16 A. (Gates) Well, in the legal sense, the utility has  
17 reporting requirements to jurisdictions, permits,  
18 etcetera. In terms of this oversight contract, again,  
19 the contract relationship is with the City. And, we  
20 would expect to be monitoring Veolia's work and helping  
21 the owner assure that the contract terms are satisfied.

22 Q. Will you be communicating with Veolia on a day-to-day  
23 basis?

24 A. (Gates) I would expect there would be a close working

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[Witness panel: Gates|Doran|Henderson]

1 relationship between Beck and Veolia.

2 Q. And, will you be talking to them every day?

3 A. (Gates) I can't guarantee that we'll talk every day. I  
4 would expect we'd speak as regularly as we need to to  
5 satisfy our requirements of our contract.

6 Q. If you had to estimate how many times a week you might  
7 talk to them, how often would that be?

8 A. (Gates) I would think it would be very often at the  
9 beginning, until we understand each other. Then, we  
10 may find that the day-to-day, if you will, would not be  
11 necessary. There are certain milestones in the  
12 contract, in terms of deliverables. And, so, when  
13 there are deliverables, we'll have an active dialogue,  
14 and we'll use the deliverables. We won't be watching  
15 their every move on a minute-by-minute basis.

16 Q. Your office is in Framingham, Massachusetts, correct?

17 A. (Gates) We have an office in Framingham, that's true.

18 Q. Will you be performing those services from Framingham?

19 A. (Gates) Well, I would expect that Paul, as Project  
20 Manager, would be spending a great deal of time here in  
21 Nashua -- excuse me, not "here in Nashua", there in  
22 Nashua, relative to performing services of our  
23 oversight contract.

24 Q. Mr. Doran, where will your office in Nashua be?

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[Witness panel: Gates|Doran|Henderson]

- 1 A. (Doran) I live in Hollis, New Hampshire, which is  
2 within the District, and a customer of Pennichuck now.  
3 And, I will be performing either from my home, as  
4 needed, or in the City of Nashua, depending on if there  
5 is office space. I know that the City is crowded for  
6 space as it is.
- 7 Q. Are you aware, Mr. Doran, that Veolia will be  
8 performing some of its services under its O&M contract  
9 from multiple locations?
- 10 A. (Doran) I would imagine the expertise that would come  
11 to bear, being a national and worldwide firm, they have  
12 multiple locations of expertise. Where and when their  
13 performance, I can't speak on behalf of Veolia.
- 14 Q. It's my understanding that Veolia is going to be  
15 providing some of the services from its Houston office,  
16 are you aware of that?
- 17 A. (Doran) I'm aware of no specifics on where additional  
18 services or any particular service that Veolia is going  
19 to perform, where it will be performed.
- 20 Q. Would you be capable of overseeing Veolia's services if  
21 they were performed from Houston?
- 22 A. (Doran) If, in fact, the need arose and questioned, I  
23 would expect that Veolia would bring the necessary  
24 personnel up to Nashua for me to investigate and/or

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[Witness panel: Gates|Doran|Henderson]

1 question or find more detail, if needed.

2 Q. What about the Indianapolis office of Veolia?

3 A. (Doran) The same answer applies.

4 Q. Do you have the right to inspect Veolia's work as it is  
5 being performed?

6 A. (Doran) Yes, I do.

7 Q. Do you have the right to prescribe to Veolia how they  
8 carry out that work?

9 A. (Doran) I don't have any prescriptive rights. Veolia  
10 is their own entity providing service.

11 Q. So, let's take a hypothetical. Would you anticipate  
12 going out to a job site where Veolia was conducting  
13 work?

14 A. (Doran) What kind of work?

15 Q. Let's say they're installing a main or repairing a main  
16 break.

17 A. (Doran) If that is necessary, if it does not fall  
18 within the realm of Veolia's right, on a Supplemental  
19 Service basis and if we were selected and authorized by  
20 the owner to do so, we would do so.

21 Q. Am I understanding you correctly then, on a routine  
22 basis you would not be going out and looking to make  
23 sure that the work that they're doing is correct?

24 A. (Doran) There's a certain amount in our contract, an

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[Witness panel: Gates|Doran|Henderson]

1 allowance for construction management, if you will, for  
2 that type of work.

3 Q. Is it fair to say that, in some cases, you will go out  
4 and look at what they're doing?

5 A. (Doran) On a case-by-case basis, it would have to be  
6 determined. But, some, the characterization of "some",  
7 yes, I could agree to "some".

8 Q. Okay. So, if you went out to one of the sites and you  
9 were watching them repair a main, let's say, and you  
10 got there and you saw a safety concern, what would  
11 Beck's authority be relative to the work that Veolia  
12 was conducting?

13 A. (Doran) Safety is Veolia's responsibility to handle  
14 their own safety.

15 Q. So, if you got out to the site, and let's say it was a  
16 situation that involved a trench box, and there was no  
17 trench box, that's not Beck's responsibility?

18 A. (Doran) As part of their proposal and part of the  
19 contract, they're required to have a safety plan, a  
20 written safety plan. And, we would go to that document  
21 to refer to, if in fact your example of a trench box,  
22 if there was one in that safety plan and there wasn't  
23 one, we would point out to say "Per your safety plan,  
24 you need a trench box."

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[Witness panel: Gates|Doran|Henderson]

1 Q. So, you would prescribe to them how to do their work  
2 then?

3 A. (Doran) Just per the -- No, I'm not prescribing. They  
4 have prescribed their own safety. I would notice that  
5 it's a deficiency in the document that they produced.

6 Q. Can you describe to me other instances in which you  
7 would expect to be actually on site at any of the  
8 Pennichuck Water Works' assets performing your duties  
9 under this contract?

10 A. (Doran) Not at the present time. It's on an "as  
11 needed" basis.

12 Q. So, is most of your time going to be spent in your  
13 office, wherever that may be located, reviewing  
14 documents?

15 A. (Doran) I would not characterize that as correct  
16 either.

17 Q. Well, if you had to -- let's try to allocate your time.  
18 I'm just trying to get a better sense of what you're  
19 going to be doing. Are you going to be out there in  
20 the field looking at the assets and making sure that  
21 Veolia is doing what their supposed to be doing under  
22 the contract?

23 A. (Doran) Again, if it, in fact, is that kind of  
24 characterization, construction observation work is a

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[Witness panel: Gates|Doran|Henderson]

1 Supplemental Service. And, if authorized by the City,  
2 we have, through Tetra Tech, their expertise, that we  
3 would provide that service. I cannot predict right now  
4 what is going to be needed at any point in time during  
5 this work. And, a hypothetical situation is just that,  
6 a hypothetical situation. But we have the necessary  
7 tools in place to react.

8 Q. Okay. Well, let's go to a specific situation that's  
9 mentioned in the contract. You indicated that there's  
10 Initial Tasks under the contract and there's Recurring  
11 Tasks. And, under the Recurring Tasks, one of the  
12 things that Beck is responsible is for auditing planned  
13 maintenance, is that right?

14 A. (Doran) Yes, that's correct.

15 Q. How will you audit planned maintenance?

16 A. (Doran) We will make sure that Veolia is entering,  
17 through work orders and other documents, the reporting  
18 requirements through their Computer Maintenance  
19 Management System. That all the records are being  
20 entered, and that the work is getting done. And, we  
21 have the issue, the responsibility and the right to go  
22 on site at any point in time in the future unannounced,  
23 whether it be 2:00 in the morning or 2:00 in the  
24 afternoon, to see if, in fact, and check up to see if

[Witness panel: Gates|Doran|Henderson]

1 that maintenance work is done.

2 Q. How much of that check-up do you plan to do?

3 A. (Doran) On an "as needed" basis.

4 Q. So, over the course of the first year of the contract,  
5 how often do you plan to go and check?

6 A. (Doran) I haven't got an answer to that Ms. Knowlton.  
7 It's on an "as needed" basis.

8 Q. Can you describe to me how you will know it's needed?

9 A. (Doran) If there are work orders, and we take a look at  
10 the work order system, depending on the volume of work,  
11 what type work it is, we would -- part of our oversight  
12 services is to check that work.

13 Q. So, you --

14 A. (Doran) There may not be any, for example, there may  
15 not be any maintenance or planned maintenance, as you  
16 referred to for the first four months. I don't know  
17 what's going to happen.

18 Q. I'm just trying to get a sense of how much are you  
19 going to be in an office looking at reports, versus how  
20 much are you going to be in the field, seeing whether  
21 the work was done as it should be?

22 A. (Doran) I'm not an office -- I'm not just an office  
23 person. I will respond as needed per the Scope of  
24 Services that we have.

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[Witness panel: Gates|Doran|Henderson]

- 1 Q. And, you're in charge of this project? You're the lead  
2 person on the ground for Beck, right?
- 3 A. (Doran) That's correct.
- 4 Q. And, so, you're going to make those decisions about  
5 when it's needed?
- 6 A. (Doran) That's correct. And, I will use the judgment  
7 at the time when the facts are at hand.
- 8 Q. Okay. So, let's talk about your reporting and who  
9 you're going to be talking to. Obviously, you're going  
10 to be talking to Veolia, if you're on-site and looking  
11 at what their doing. The contract sets up a different  
12 practice, the City of Nashua sets up a dual reporting  
13 scheme. On some issues, you're going to report to the  
14 Mayor, is that right?
- 15 A. (Doran) That's correct.
- 16 Q. And, what is your understanding of when you report to  
17 the Mayor?
- 18 A. (Doran) The things of an overall role of the management  
19 time or as an executive level type response, what the  
20 Mayor would need to know. Summaries, executive  
21 summaries, give him a thumbnail report of how things  
22 are going, etcetera.
- 23 Q. And, in fact, the contract refers to matters that --  
24 the term is quote "General Administration"?

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[Witness panel: Gates|Doran|Henderson]

- 1 A. (Doran) I guess you could. As on Page 86 of Exhibit  
2 1006, that's correct.
- 3 Q. Can you give me an example of what would be a matter of  
4 general administration?
- 5 A. (Doran) He could ask at one point "how are they doing  
6 meeting their RRRM responsibilities.
- 7 Q. And, can you think of a situation where you would  
8 affirmatively report to him, not responding to a  
9 request from him, but purporting to him?
- 10 A. (Doran) I'm sure that there are monthly visits set up  
11 with the Mayor, to give him a summary report of  
12 anything that's of a significant major and/or minor,  
13 the significant nature that he should be aware of.  
14 Those reports will be done.
- 15 Q. Are those reports in writing?
- 16 A. (Doran) Yes.
- 17 Q. The contract then specifies that you'll also report to  
18 the Board of Aldermen, correct?
- 19 A. (Doran) That's correct.
- 20 Q. And, those -- that would be on policy matters?
- 21 A. That's correct.
- 22 Q. And, the contract is defined policy matters as rates,  
23 terms of service, long-term capital improvements and,  
24 other matter. Is that your understanding?

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[Witness panel: Gates|Doran|Henderson]

- 1 A. (Doran) That's correct.
- 2 Q. What kind of other matters would fall under this  
3 category of policy?
- 4 A. (Doran) Budgets, for instance.
- 5 Q. Are you going to be reporting to the full Board of  
6 Aldermen?
- 7 A. (Doran) I don't know that. I would anticipate that the  
8 full Board of Aldermen, there would be a reporting  
9 requirement. And, I don't know what the city has in  
10 place, if, in fact, there will be other special  
11 Committees, etcetera, created that do not exist at the  
12 present time, that we'd have to report to.
- 13 Q. Is that going to be decided later?
- 14 A. (Doran) All I know is that it's not decided at the  
15 present time.
- 16 Q. Would those reports be in writing as well?
- 17 A. (Doran) There would be, if asked, I'm sure that they  
18 would be in writing, a summary, written summary report.
- 19 Q. Do you anticipate making recommendations to the board  
20 of alderman on policy issues?
- 21 A. (Doran) Anything with our purview is an oversight  
22 contractor, if it requires a recommendation, that will  
23 be made.
- 24 Q. So, you're going to make your recommendation and then

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[Witness panel: Gates|Doran|Henderson]

1 wait to hear back?

2 A. (Doran) The Aldermen in Nashua is a very feisty group,  
3 and they like hands-on experience. And, I'm sure that  
4 will be discussed, and we will be gone through and  
5 asked a number of questions and information so that the  
6 Aldermen would either take our recommendation or go  
7 back and ask us to make another recommendation, or out  
8 and out reject it, which is there right to do so.

9 Q. And, then, who communicates, whatever that decision is,  
10 who communicates that to Veolia?

11 A. (Doran) It may not be a policy -- a policy issue may  
12 not involve Veolia.

13 Q. Let's assume it does involve Veolia. Is that your job,  
14 and then report that back to Veolia?

15 A. (Doran) No. The two contractual arrangements, Veolia  
16 has their contract with the City of course. Of course,  
17 we would meet with Veolia and they would have a stake.  
18 And, just backing up, I envision this whole thing to be  
19 a team effort and a partnership. And, with a strong  
20 relationship being built here, between Veolia, Beck and  
21 the City. I believe it's going to be a strong  
22 relationship, and that people would know and be in the  
23 loop and be aware of what the issues were and any  
24 policy decisions that would come down from the City

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[Witness panel: Gates|Doran|Henderson]

1 through the Aldermen, the Board of Aldermen. So, I  
2 envision that it's a partnership. We're not going to  
3 be acting independently. We're going to be grouped  
4 together as a partnership, and, as such, serve the  
5 City.

6 Q. But there's no current plan, is there, in terms of how  
7 those -- those lines of communications are going to go?

8 A. (Doran) I can't answer that question.

9 Q. Mr. Gates, do you know the answer to that?

10 A. (Gates) Well, so far, the direction that we've been  
11 receiving has been clear, with its lines of  
12 communication with the Mayor's office and staff,  
13 notably, and the Chief Financial Officer. And, I would  
14 expect those lines of communication to remain.

15 Q. So, is it your understanding that Veolia has its own  
16 lines of communication with the Mayor?

17 A. (Gates) They're contracted by the City, and I would  
18 expect that to be the case, but I don't know that for  
19 sure.

20 Q. Okay. Do you remember, actually, it was about two  
21 years ago, literally, I think it was two years  
22 yesterday, that you made a presentation to the  
23 Pennichuck Water Special Committee on the proposal that  
24 Beck was putting forward to the City?

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[Witness panel: Gates|Doran|Henderson]

1 A. (Gates) I do remember that.

2 Q. Okay. And, do you remember that, at that meeting, you  
3 indicated, based on your 30 years of experience, that  
4 "there needs to be careful alignment between roles,  
5 responsibility -- responsibilities and accountability.  
6 And, in the absence of clearly defined roles,  
7 responsibilities" -- I'm sorry -- "and accountabilities  
8 and good communication, there's a potential for failure  
9 in any project." Do you recall saying that?

10 A. (Gates) I do.

11 Q. And, you said that in response to Alderman Toner, who  
12 was asking you. But, you know, tell me in your --  
13 you're the contract oversight, where did things go  
14 wrong? And, that was what you pointed to, is  
15 communications that lines of communications that  
16 weren't clear. And, can you understand how, in this  
17 situation, it's possible that their may not be clear  
18 lines of communication. We have Veolia going to the  
19 Mayor, you've got Beck going to the Mayor. And,  
20 there's no one at the State --

21 MR. RICHARDSON: Mr. Chairman, again,  
22 the question is becoming so compound that the witness  
23 needs to have an opportunity to respond to some of the  
24 characterizations, and either agree to them, whether or

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[Witness panel: Gates|Doran|Henderson]

1 not they're true.

2 MS. KNOWLTON: I haven't finished asking  
3 the question.

4 MR. RICHARDSON: That's my problem. Is  
5 that, you know, the question started a minute or two ago,  
6 and the witness -- in order to be fair to the witness,  
7 there has to be a question that can be identified, and not  
8 just continuing characterization of what she believes, as  
9 opposed to what the witness believes.

10 CHAIRMAN GETZ: Well, I certainly didn't  
11 see it as a compound question. I thought she was laying  
12 -- basically laying out a hypothetical, with some  
13 development. And, I think that's a fair way to approach  
14 it. But I think you need to be careful that we don't get  
15 too much detail into what I'm perceiving as a  
16 hypothetical. And, if we are at risk of the witness  
17 losing track of it, but, if you could try to -- I presume  
18 we're at a point now where you need to restate. So.

19 MS. KNOWLTON: Sorry to be so verbose.

20 CHAIRMAN GETZ: That's -- Please  
21 proceed.

22 WITNESS GATES: I'm with you. You can  
23 pick up where we left it.

24 MS. KNOWLTON: You're my man. You're

[Witness panel: Gates|Doran|Henderson]

1 going to run this water -- you're going to oversee this  
2 water system, I have no doubt that you're following what  
3 I'm saying.

4 WITNESS GATES: But I appreciate Justin  
5 watching my back.

6 MS. KNOWLTON: I'll try to take it in  
7 pieces.

8 BY MS. KNOWLTON:

9 Q. It was Veolia's testimony the other day that they are  
10 going to report to the mayor. And, I know that you  
11 weren't here for that, but if you could accept, you  
12 know, my characterization of that. And, what you're  
13 telling me today is that you're also going to report to  
14 the Mayor, correct?

15 A. (Gates) That's the current line of communication  
16 currently.

17 Q. Right. And, my question is a pretty simple one.  
18 Veolia is reporting to the Mayor, Beck is reporting to  
19 the Mayor, and there's really no one on the ground at  
20 the City, there's no city employee who's designated to  
21 deal with water utility issues, really, other than the  
22 Mayor. Isn't it possible in that circumstance there  
23 could be some confusion in communication?

24 A. (Gates) Well, first of all, I'm not sure whether I can

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[Witness panel: Gates|Doran|Henderson]

1 agree with "there's no one on the ground" to perfect  
2 the communications. The Mayor has staff, we've been  
3 working closely with Staff. And, it's my experience on  
4 these complicated projects that, once the dust settles  
5 and contracts are assigned and approved, budgets are  
6 approved, etcetera, the project team gets down to the  
7 details of execution. And, so, I would envision, if  
8 you will, a kick-off type of meeting, where clarity is  
9 brought to those types of questions that you're asking,  
10 and they're very important types of questions that I'd  
11 point out, such as clear lines of communication. But  
12 it's certainly not an intractable question to answer,  
13 "who's going to talk to who now?" And, really, I would  
14 clearly expect staff to the Mayor can sort it out on  
15 day one very easily.

16 Q. Is it your expectation that the City will designate a  
17 particular individual to be that focal point?

18 A. (Gates) I have no knowledge to that effect at this  
19 time.

20 Q. If the City were to do that, what qualifications do you  
21 think that person should have?

22 A. (Gates) Well, that's probably a question that deserves  
23 some thought.

24 Q. How much time do you think it would be, it would take

[Witness panel: Gates|Doran|Henderson]

- 1 for that City staff person to perform that job?
- 2 A. (Gates) Well, depending on how the job is defined, if  
3 it was simply a matter of coordinating communications  
4 and making sure that the Mayor had a good -- excuse me  
5 -- line of communication with its two contractors, it  
6 would be a fairly routine job, hours per week.
- 7 Q. A full-time job?
- 8 A. (Gates) Hours per week.
- 9 Q. Hours. Part-time?
- 10 A. (Gates) Less than half a day, not days per week, hours  
11 per week.
- 12 Q. Let's go back to the contract and talk about costs  
13 under the contract. As I understand the contract,  
14 Mr. Gates, I see three buckets of costs. There's costs  
15 chargeable for Initial Tasks, is that correct?
- 16 A. (Gates) Yes, ma'am.
- 17 Q. Costs charged to the City for Recurring Tasks, correct?
- 18 A. (Gates) That's right.
- 19 Q. And, then, there's Supplemental Services?
- 20 A. (Gates) There's Supplemental Services, by definition,  
21 yes.
- 22 Q. And, under -- with regard to Initial Tasks, Beck is  
23 going to be paid a fixed fee of \$230,000 for the  
24 completion of those tasks, correct?

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[Witness panel: Gates|Doran|Henderson]

- 1 A. (Gates) I believe that's the budgeted amount.
- 2 Q. And, Tetra Tech also has responsibility under its draft  
3 contract with Beck to perform certain Initial Tasks,  
4 correct?
- 5 A. (Gates) That's correct.
- 6 Q. And, Tetra Tech is going to get paid \$80,220 for those  
7 tasks, correct?
- 8 A. (Gates) I don't recall the Tetra Tech budget.
- 9 Q. If we go to 3047, Page 12. It may be on your screen,  
10 or if you want to look at a hard copy. There's a  
11 section called "Fee for Services", which we'll pull up.  
12 When you're ready, let me know.
- 13 A. (Gates) Okay.
- 14 Q. So, you see the \$80,220?
- 15 A. (Gates) Uh-huh.
- 16 Q. Those are for the Initial Tasks, correct?
- 17 A. (Gates) That's correct.
- 18 Q. That Tetra Tech will be performing?
- 19 A. (Gates) Yes, ma'am.
- 20 Q. That's subtracted from the \$230,000 that will be  
21 payable to Beck, correct?
- 22 A. (Gates) That's included in the total --
- 23 Q. Okay.
- 24 A. (Gates) -- fixed fee for the Initial Tasks.

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[Witness panel: Gates|Doran|Henderson]

1 Q. So, for the Initial Tasks, under the contract, Beck  
2 gets paid \$150,000?

3 A. (Gates) That is correct.

4 Q. And, in the Beck contract, the \$230,000 amount was only  
5 good until December 31st, 2005, correct?

6 A. (Gates) That was the basis of the estimate at the time.

7 Q. Okay. How would you determine what the cost will be  
8 today, in 2007?

9 A. (Gates) Well, if the scope is the same, it would be a  
10 simple matter of escalation of the hourly rates.

11 Q. How would you escalate it?

12 A. (Gates) According to our actual salary increases over  
13 that time period.

14 Q. The 4 percent increase in your billable rates you  
15 referred to earlier?

16 A. (Gates) If I'm recalling the terms correctly.

17 Q. Just take your time, and your contract is Exhibit 1006,  
18 I can pull that up, if you'd like? Eighty-one.

19 CHAIRMAN GETZ: Ms. Knowlton, we're  
20 nearing time for a break for the reporter. How much more  
21 cross do you anticipate?

22 MS. KNOWLTON: I think I'd be done in 40  
23 minutes.

24 CHAIRMAN GETZ: Ms. Reinemann, will you

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[Witness panel: Gates|Doran|Henderson]

1 have questions?

2 MS. REINEMANN: No.

3 CHAIRMAN GETZ: Mr. Alexander?

4 MR. ALEXANDER: I don't expect to have  
5 any.

6 CHAIRMAN GETZ: And, I expect,  
7 Mr. Richardson, you will have redirect?

8 MR. RICHARDSON: It's very limited at  
9 this point. Maybe two to three minutes.

10 MS. KNOWLTON: Mr. Camerino thinks I'm  
11 being optimistic in my estimation. But, I do, I think 40,  
12 45 minutes is accurate.

13 CHAIRMAN GETZ: Well, let's continue on  
14 this topic for a short while.

15 MS. KNOWLTON: Let me know when it's  
16 time to stop.

17 CHAIRMAN GETZ: Well, if there's a good  
18 break between topics, let's take it.

19 MS. KNOWLTON: Sure. We can do that.

20 BY MS. KNOWLTON:

21 Q. Do you see a provision there governing escalation?

22 A. (Gates) Yes, I believe on the contract, paragraph 2  
23 which is Exhibit Page 81, there's a Paragraph B that  
24 has an escalation clause.

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[Witness panel: Gates|Doran|Henderson]

- 1 Q. Can you explain how it would be escalated to 2007?
- 2 A. (Gates) It would be "in accordance with the Consumer  
3 Price Index for the Boston-Brockton-Nashua area".
- 4 Q. Have you calculated what that amount would be in 2007  
5 dollars?
- 6 A. (Gates) No, I haven't.
- 7 Q. The second bucket of costs that we talked about were  
8 Recurring Tasks, correct?
- 9 A. (Gates) Uh-huh.
- 10 Q. And, for that, Beck would be paid \$315,000, correct?
- 11 A. (Gates) I believe that's the initial budget for the  
12 scope proposed, yes.
- 13 Q. Am I correct in my understanding that you -- it's a  
14 \$315,000 threshold, but that you're billing per hour  
15 until you hit that \$315,000?
- 16 A. (Gates) That's the budget amount, that's correct.
- 17 Q. So, you don't know whether you're going to hit that  
18 \$315,000 six months into the year, twelve months, do  
19 you?
- 20 A. (Gates) Well, it's a maximum for the scope offered.
- 21 Q. And, does that maximum --
- 22 A. (Gates) So, it's a "not to exceed" price.
- 23 Q. Okay. Does that maximum of \$315,000 also include  
24 amounts that Mr. Henderson's company would be billing

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[Witness panel: Gates|Doran|Henderson]

- 1 for Recurring Tasks that it was performing?
- 2 A. (Gates) That's correct.
- 3 Q. And, that's under the Tetra Tech contract, Tetra Tech
- 4 would get paid \$115,000 for those Recurring Tasks,
- 5 correct? We can go back to Exhibit 3047, if you'd
- 6 like. You can use that. Is that large enough for you
- 7 to read?
- 8 A. (Gates) If I lean over. And, your question again
- 9 please?
- 10 Q. So, the 100 -- you see the \$115,200 there?
- 11 A. (Gates) Yes, ma'am.
- 12 Q. That got subtracted out of the \$315,000 --
- 13 A. (Gates) It's included in this, yes.
- 14 Q. Okay. Have you estimated, again, at what point in the
- 15 year you expect between the Tetra Tech billing and the
- 16 Beck billing that you would hit that \$315,000 cap?
- 17 A. (Gates) That's the budget for the full scope of work
- 18 offered for Recurring services in any given year.
- 19 Q. So, if you get six months into the contract, and you've
- 20 hit \$315,000, but you haven't performed all the tasks
- 21 under the contract, are you still obligated to perform
- 22 the work?
- 23 A. (Gates) We are -- I believe we're obligated to perform
- 24 the scope of work offered, yes.

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[Witness panel: Gates|Doran|Henderson]

1 Q. So, you wouldn't be paid any money over the \$315,000  
2 for those Recurring Tasks?

3 A. (Gates) If the scope of work had not changed.

4 Q. I think this -- In that instance that I just described,  
5 that you got six months into the year and you had  
6 already hit the \$315,000, would Beck have the right to  
7 invoke the 30 days termination under the contract and  
8 at that point say "30 days we're done, contract  
9 terminated"?

10 A. (Gates) Well, that's too many "ifs" for me to follow  
11 this time. When you say, in the first instance, it's  
12 very unlikely that we get six months into the contract  
13 and have spent 12 months worth of budget without some  
14 circumstance that had been discussed, talked about, and  
15 dealt with. We're certainly, in a project management  
16 frame of mind, that the clients need to understand  
17 exactly where you stand on a budget on a month-to-month  
18 basis against the scope of work that's being performed.  
19 So, under your hypothetical, something else must have  
20 been going on, like, you know, an increase in scope or  
21 -- that's really the only plausible explanation for  
22 cash expenditures greater than initially intended.

23 Q. But the contract does provide that either party can  
24 walk away with 30 days written notice to the other,

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[Witness panel: Gates|Doran|Henderson]

1 correct?

2 A. (Gates) I believe there's a termination convenience  
3 clause, yes.

4 MS. KNOWLTON: Okay. Is this a good  
5 place to stop?

6 CHAIRMAN GETZ: Yes. Let's take a 15  
7 minute recess.

8 (Recess taken at 2:32 p.m. and the  
9 hearing reconvened at 2:52 p.m.)

10 CHAIRMAN GETZ: Okay. We're back on the  
11 record. Ms. Knowlton.

12 MS. KNOWLTON: Thank you.

13 BY MS. KNOWLTON:

14 Q. Mr. Doran?

15 A. (Doran) Yes.

16 Q. As part of the panel testimony that you submitted in  
17 this case, you testified that "to ensure" -- that as  
18 part of providing the oversight services, that you are  
19 "to ensure that Nashua's operation of its water system  
20 transition smoothly." Do you remember saying that in  
21 your testimony?

22 A. (Doran) Could you quote the exhibit?

23 Q. Sure. Exhibit 1006, Page 5. It's under the first "A".

24 A. (Doran) Okay. I'm on Page 5, yes, ma'am.

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[Witness panel: Gates|Doran|Henderson]

- 1 Q. Okay. Right. If you look under the second paragraph,  
2 first sentence, part of your job is "to ensure that  
3 Nashua's operation of the water system transitions  
4 smoothly upon issuance of the notice to proceed."  
5 Correct?
- 6 A. (Doran) That's correct. That's what it says, yes,  
7 ma'am.
- 8 Q. And, you've never participated in a condemnation of  
9 utility assets before, have you?
- 10 A. (Doran) No, I have not, ma'am.
- 11 Q. Have you, Mr. Gates?
- 12 A. (Gates) No, ma'am.
- 13 Q. Have you, Mr. Henderson?
- 14 A. (Henderson) No, I have not.
- 15 Q. Mr. Doran, what obstacles do you see to such a smooth  
16 transition in the context of an eminent domain taking?
- 17 A. (Doran) Is this at the phase of transition we are now  
18 at, since that's what it is, as far as --
- 19 Q. Right. The taking of --
- 20 A. (Doran) -- the second paragraph, we're already on board  
21 and it's transitioning?
- 22 Q. Correct. The Commission has approved the taking of the  
23 assets. The City is now operating the water utility.  
24 And, your job is to oversee it. What obstacles do you

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[Witness panel: Gates|Doran|Henderson]

1 see?

2 A. (Doran) Well, there's many. There's a whole list of  
3 transition services listed in the contract with Veolia  
4 that Veolia and Beck will oversee as part of that.  
5 There's the transferring of the Computer Maintenance  
6 Management System, transfer of employees, the transfer  
7 of records and reports, the transfer of vehicles.  
8 There's a whole listing of things, I mean, probably too  
9 numerous to go into it here, that would have to change  
10 hands when one entity assumes another utility from  
11 another.

12 Q. Okay. And, in fact, under the Initial Tasks in the  
13 contract, in the Beck/Nashua contract, Beck has already  
14 anticipated that there are going to be more services  
15 that are necessary during that transition period than  
16 are accounted for in the fee for the Initial services  
17 that we were discussing before the break, is that  
18 right?

19 A. (Doran) The Initial oversight services are in response  
20 to the City's RFP. And, we anticipated others as  
21 Supplemental Services, that's correct.

22 Q. And, can you name some of those that you think the City  
23 is going to need that's not included in that flat fee?

24 A. (Doran) Well, we provided for -- I will go on the

[Witness panel: Gates|Doran|Henderson]

1 record saying that we provided for certain Supplemental  
2 Services on an "as needed" basis.

3 Q. Okay. Well, let me --

4 A. (Doran) And, that is already in Exhibit 1006.

5 Q. Okay. Well, let's look at that. Page 100, I believe.  
6 Up on the screen I can direct your attention, there's  
7 "Supplemental Task 1 - Transition Services". Do you  
8 see that paragraph?

9 A. (Doran) That's correct. I do.

10 Q. If you could just -- why don't you read that first  
11 paragraph for me out loud into the record.

12 A. (Doran) It says: "The Consultant has included several  
13 services in the Initial Tasks of this Agreement that  
14 will be performed during the Transition Period. The  
15 Consultant anticipates that there will be additional  
16 services that the Owner will need during Transition  
17 Period, such as needed Information Technology reviews,  
18 engineering services, finance and accounting services,  
19 forming a strategy for the transition of all  
20 information from Pennichuck to the City and a strategy  
21 for the controlling of the IT assets, licenses, and  
22 accounting needs."

23 Q. And, then, there's a list of bullet items on that page.  
24 And, then, let's go to the next page. That lists out

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[Witness panel: Gates|Doran|Henderson]

1 particular tasks that Beck thinks the City needs to  
2 purchase, correct?

3 A. (Doran) Yes, ma'am.

4 Q. Will those be billed at the hourly rates that you've  
5 testified to earlier this afternoon?

6 A. (Doran) Yes, ma'am.

7 Q. So, those are over and above the fee for Initial Tasks  
8 that Beck and Tetra Tech would be charging?

9 A. (Doran) That's correct.

10 Q. Do you have any estimate for how much this is all going  
11 to cost?

12 A. (Doran) No, I don't.

13 Q. Mr. Gates, do you have an estimate?

14 A. (Gates) Well, let me clarify one point, Ms. Knowlton.  
15 The list of Supplemental Services may or may not all be  
16 required. These are scope items that have been placed  
17 in the contract so that, if the Owner finds that those  
18 services are needed, that capability is identified as  
19 available scope within the contract. For example, the  
20 Water Conservation Program implementation. That may or  
21 may not be something that the owner decides that needs  
22 to be contracted for, either initially or in the short  
23 term of the contract. They may or may not decide that  
24 Veolia will do that. They may seek another way to have

[Witness panel: Gates|Doran|Henderson]

1 that done, if they want it to be done. So, this is not  
2 an all-exclusive scope of what's expected to be done.  
3 This is a list of services that the City can draw on,  
4 if and when they decide that that's needed --

5 Q. But your --

6 A. (Gates) -- on a case-by-case basis.

7 Q. I'm sorry. But your company anticipated that these  
8 would be needed, correct?

9 A. (Gates) Could be needed.

10 Q. Could be needed. And, it's fair to say that R.W. Beck  
11 has a lot more experience than the City of Nashua  
12 operating -- well, overseeing the operation of a water  
13 utility, correct?

14 A. (Gates) In general terms. At the time that the  
15 proposal was written and the contract was offered, I  
16 think it's fair to say that R.W. Beck's understanding  
17 of the totality of need with respect to starting and  
18 operating the water system in Nashua was at the  
19 beginning stage of understanding, given the way that we  
20 came through the situation through the RFP process.

21 Q. What is your best estimate of what these services would  
22 cost, should they be asked of you?

23 A. (Gates) That's an exercise that I don't believe we've  
24 undertaken. And, that would be quite a bit of time to

[Witness panel: Gates|Doran|Henderson]

- 1 think through what a specific plan in each case would  
2 be and what the value of that would be.
- 3 Q. \$100,000?
- 4 A. (Gates) I'm not going to make a guess.
- 5 Q. As part of the Initial Tasks under the contract, Veolia  
6 will be submitting to Beck a final staffing plan, among  
7 other documents, correct, Mr. Doran?
- 8 A. (Doran) That's correct.
- 9 Q. And, part of your job is going to be to review that  
10 staffing plan?
- 11 A. (Doran) We are to review it, yes, that's correct.
- 12 Q. Have you actually ever operated a water utility  
13 yourself?
- 14 A. (Doran) I believe I said that in prior testimony, no, I  
15 am an engineer and not an operator.
- 16 Q. Never been licensed to operate a system?
- 17 A. (Doran) No, I have not.
- 18 Q. Never worked for a retail water utility?
- 19 A. (Doran) I have not worked for a retail water utility.
- 20 Q. Mr. Gates, have you ever worked for a retail water  
21 utility?
- 22 A. (Gates) No. And, let me point out that the project  
23 team that we have offered to the client, and you'll see  
24 that in our proposal, includes Mr. Joe Dysard as Task

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[Witness panel: Gates|Doran|Henderson]

1           Manager, and Mr. Neil Callahan, who, between the two of  
2           them, have over 50 years of experience in operating as  
3           executives of major water utilities on the East Coast.

4   Q.   Do you know what hourly rate Mr. Dysard is billed out  
5           at?

6   A.   (Gates) I don't know Mr. Dysard's billing rate off the  
7           top of my head, no.

8   Q.   Do you know what, if we to pull up that chart, which of  
9           those categories he would fall into? And, that's  
10          Exhibit 1006, Page 104. I'm assuming he's at near the  
11          top of that chart, if he has all those years of  
12          experience you just spoke about?

13   A.   (Gates) Mr. Dysard is probably in the "Senior Project  
14          Manager" category. But that is a -- I'm guessing on  
15          that, because I don't have that information with me  
16          now.

17   Q.   What is your best estimate of the number of hours that  
18          he'll work on this project?

19   A.   (Gates) Again, that would be on an "as needed" basis.  
20          If the question is, going back to your prior question,  
21          "would he be available to review a staffing plan for  
22          the initial start-up of the utility under Veolia's  
23          operation?" He could probably do that in a number of  
24          hours.

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[Witness panel: Gates|Doran|Henderson]

- 1 Q. Ten?
- 2 A. (Gates) Eight to ten perhaps.
- 3 Q. Okay. Do you anticipate that he would perform other  
4 services for the City of Nashua under this contract?
- 5 A. (Gates) I would expect that he would be available for  
6 advice on an ongoing basis.
- 7 Q. Any estimate of the number of hours per year that he  
8 would spend?
- 9 A. (Gates) For the Initial services? Let me just think  
10 about that for a minute. For the Initial services,  
11 probably a couple of days.
- 12 Q. So?
- 13 A. (Gates) Sixteen hours.
- 14 Q. Sixteen hours? Okay. Back to you, Mr. Doran. So,  
15 you're going to be in consultation with Mr. Dysard, and  
16 possibly others, reviewing Veolia's staffing plan. Is  
17 it possible that you might conclude that Veolia has not  
18 allocated enough staff to operate the water utility?
- 19 A. (Doran) Without a document in front of me, I can't make  
20 any conclusions. I can't really say that I would  
21 conclude or not conclude. The document doesn't exist  
22 yet. But all I know is that we will be reviewing that.
- 23 Q. Will you be making a recommendation to the City based  
24 on that staffing plan?

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[Witness panel: Gates|Doran|Henderson]

- 1 A. (Doran) Based on the experts that are available to me  
2 as the overall Project Manager, as part of that,  
3 obviously, we would, as part of all of the documents  
4 and deliverables that Veolia has been contracted to  
5 deliver per their contract, we would be making that  
6 type of recommendation on everything. If there's  
7 anything that's significant, it should be noted, both  
8 on a pro or a con.
- 9 Q. If R.W. Beck concluded, based on that review, that  
10 Veolia had not included enough people to run the water  
11 utility, would you recommend to the City of Nashua that  
12 Veolia include more employees?
- 13 A. (Doran) I think that would be a discussion topic for  
14 the policy -- Board of Aldermen that make policy.
- 15 Q. Do you know whether, under the Veolia contract, that  
16 would constitute a material change, if they were  
17 required to staff up at a higher level than they had  
18 agreed to?
- 19 A. (Doran) I'm not sure I could really answer that  
20 question.
- 21 Q. You helped negotiate that contract. Surely you're  
22 familiar with it?
- 23 A. (Doran) The labor, and certainly the labor issues were  
24 negotiated by others, I would assume that, if they had

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[Witness panel: Gates|Doran|Henderson]

1 a certain staffing level and required additional staff  
2 that was not envisioned, due to probably a scope change  
3 or the acquisition of additional properties, then  
4 additional people would be, and that would necessitate  
5 a higher cost by them.

6 Q. Okay. Let's move onto Recurring Oversight Services.  
7 This is the second bucket of costs. And, my  
8 understanding is is that there's a whole series,  
9 Mr. Gates, of services that will be recurring, such as  
10 auditing the performance of planned maintenance,  
11 reviewing unplanned maintenance, reviewing operational  
12 data, testing the security plan, coordinating  
13 construction, among other things. Does that sound  
14 right to you?

15 A. (Gates) I believe we have nine tasks. That's correct.

16 Q. Okay. Mr. Doran, are you familiar with the Pennichuck  
17 system at this time?

18 A. (Doran) We had no opportunity to do the due diligence  
19 on the system, as I've stated before in deposition and  
20 other testimony.

21 Q. How much time is it going to take you to become  
22 familiar enough with the assets to adequately oversee  
23 them?

24 A. (Doran) I would suspect that during the Transition

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[Witness panel: Gates|Doran|Henderson]

1 Period, when data is exchanged, a lot of information  
2 would be, and at the end probably of the first year of  
3 operations, we'd be very familiar with them.

4 Q. So, about a year to learn them?

5 A. (Doran) Plus or minus. Again, at the end of  
6 transition, we'd be familiar with a lot of the key  
7 issues involved in the Pennichuck system, since we  
8 would be there involved in the transition services,  
9 part of our Initial Tasks. And, to get really  
10 intimately familiar, where we're intimately familiar  
11 with all the assets, I would estimate it would probably  
12 be a good -- a year would be a good estimate.

13 Q. Will there be other people from R.W. Beck, other than  
14 yourself, that will learn those assets, focus on  
15 gaining that knowledge?

16 A. (Doran) Certainly, as needed, on "as needed" basis,  
17 people would have specialties that I don't have and/or  
18 Tetra Tech personnel, because it's a Beck/Tetra Tech  
19 team, would be learning those assets to provide the  
20 services throughout the contract. So, yes, people  
21 would be learning -- other people than myself will be  
22 learning the assets.

23 Q. Where are those other people located?

24 A. (Doran) They're within R.W. Beck, they're R.W. Beck

[Witness panel: Gates|Doran|Henderson]

- 1 employees, by the corporation, and they're Tetra Tech  
2 employees. I can't tell you what offices they are or  
3 where they're located, but they are within the firms.
- 4 Q. So, you could be pulling from your national expertise  
5 across the country to come to Nashua and learn about  
6 these assets, correct?
- 7 A. (Doran) On an "as needed" basis and determination, yes.
- 8 Q. Will those folks, when they travel from, let's say,  
9 Oklahoma, be billing for their time when they come?
- 10 A. (Doran) It would have to be under the services. If  
11 it's part of our scope services, it would be in within  
12 that budget. And, if it's part of the Supplemental  
13 Services, that would be budgeted at the time of the  
14 Supplemental Services cost preparation.
- 15 Q. So, those Supplemental Services are the extra ones that  
16 get billed by the hour?
- 17 A. (Doran) I can't comment if it's going to be billed by  
18 the hour or time and material, what their contract  
19 terms would be. But it would be an extra billing, yes.
- 20 Q. And, if Mr. Henderson or any of his colleagues from  
21 Tetra Tech come and spend time learning, they're going  
22 to be billing by the hour, too, correct?
- 23 A. (Doran) If it's a Supplemental Service required, and  
24 Tetra Tech is selected, Mr. Henderson and/or his

[Witness panel: Gates|Doran|Henderson]

1 colleagues, on their national firm, and the resources  
2 available to them to the City of Nashua to provide  
3 those resources? Yes, if it's a Supplemental, they  
4 would be billed as an extra. If it's part of the  
5 Initial Tasks, it's included in the contract.

6 Q. And, when it's supplemental, then you'll take  
7 Mr. Henderson's bill and you'll mark that up by 10  
8 percent, correct?

9 A. (Doran) The current contract, the draft contract is  
10 part of the Exhibit 1006, that's what is in that  
11 contract, that's correct.

12 Q. And, some of the Supplemental Services, that's the  
13 third bucket under the contract. We've got Initial  
14 Tasks, correct? That's the first bucket of costs?

15 A. (Doran) That's correct.

16 Q. And, the second bucket of costs are the Recurring  
17 Tasks, correct?

18 A. (Doran) Yes, ma'am.

19 Q. And, the third is the Supplemental Services, right?

20 A. (Doran) Yes, ma'am.

21 Q. Okay. And, the Supplemental Services include things  
22 like community outreach, is that right?

23 A. (Doran) Yes.

24 Q. And, in your proposal to the City, you indicated that

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[Witness panel: Gates|Doran|Henderson]

1 Beck would be assisting the City in establishing  
2 positive community relations with regard to the water  
3 operations, is that right?

4 A. (Doran) If those services are requested by the City,  
5 that's correct.

6 Q. And, if you help with grant writing, that will be  
7 extra, too, right?

8 A. (Doran) I believe that is a Supplement Service that's  
9 listed in that, yes. That's correct.

10 Q. So, if the City of Nashua wanted to apply for a DWSRF  
11 loan, that would be extra under the Beck contract?

12 A. (Doran) If we were selected to do that work, that would  
13 be an extra under the Beck contract, yes.

14 Q. And, Mr. Henderson, my understanding is is that one of  
15 the areas where Tetra Tech may provide Supplemental  
16 Services is on the Watershed Management Plan, is that  
17 right?

18 A. (Henderson) Yes, that's correct.

19 Q. How is that different from what Veolia will be doing on  
20 watershed management planning?

21 A. (Henderson) I think that the, you know, watershed  
22 management planning is a process, and there are various  
23 tasks in it that could -- that would and could be  
24 broken out between the various parties, to take

[Witness panel: Gates|Doran|Henderson]

1 advantage of the specific expertise of the various  
2 parties that are involved in it.

3 Q. Okay. But you anticipate working on the Watershed  
4 Management Plan, correct?

5 A. (Henderson) We have those capabilities, and we've  
6 offered them to the City. And, we'd be more than happy  
7 to do that, yes.

8 Q. Okay. And, you're going to be -- you've indicated in  
9 the discovery in this case that you're aware of the  
10 work that Comprehensive Environmental has done for  
11 Pennichuck on watershed management planning, correct?

12 A. (Henderson) Yes, I'm aware of it.

13 Q. And, in your opinion, CEI is reputable?

14 A. (Henderson) Yes.

15 Q. Okay. Now, Mr. Doran, Beck is also proposing to  
16 provide financial consulting as a Supplemental Service,  
17 is that right?

18 A. (Doran) We're not proposing, we're listing it as a  
19 Supplemental Service.

20 Q. So, it's a possibility. What kinds of activities would  
21 fall into that category?

22 A. (Doran) Cost of service studies, rate studies,  
23 etcetera.

24 Q. Okay. And, also another potential service that would

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[Witness panel: Gates|Doran|Henderson]

1 be an extra under the Beck contract is serving as a  
2 witness in litigation or administrative proceedings,  
3 right?

4 A. (Doran) If, in fact, that's needed, that would be  
5 correct.

6 Q. And, would that include participating in proceedings  
7 here at the New Hampshire Public Utilities Commission?

8 A. (Doran) Are you talking about future proceedings in  
9 front of the PUC?

10 Q. Correct. Not now, in the future, if there is --

11 A. (Doran) I'm not sure if that will be needed, yes or no.  
12 I can't respond to that. If, in fact, it is needed and  
13 it's requested that we represent the City, we will be  
14 there.

15 Q. What about regulatory matters with the Department of  
16 Environmental Services?

17 A. (Doran) Again, certain regulatory matters are included  
18 in our oversight function, to make sure that the  
19 contract operator is adhering to those standards. And,  
20 beyond that, if there's additional that requires  
21 special hearings or things like that, and if it falls  
22 under the choice that the City would ask us to do those  
23 services, that would be a Supplemental also.

24 Q. Is it your understanding that there is no one currently

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[Witness panel: Gates|Doran|Henderson]

1 on staff at the City that has water utility expertise?

2 A. (Doran) I'm not sure of all the expertise that all of  
3 the staff members of the City and what their  
4 backgrounds are 100 percent to comment on that.

5 Q. Are you aware of anyone in the Nashua Department of  
6 Public Works that will be involved in this water  
7 utility, should the taking go forward?

8 A. (Doran) As appropriately, in addition to the Aldermen,  
9 we will be interacting and representing the ratepayers.  
10 And, we will be interacting with department heads of  
11 the various City departments as -- on an "as needed"  
12 basis. I'm not aware of anybody's background has  
13 particular experience to water and what the experience  
14 of anybody that has any water -- direct water  
15 experience.

16 Q. Let me show you a document that's been marked as  
17 "Exhibit 3078" in this case. If you take a minute and  
18 look at that please.

19 MR. UPTON: I just want to make sure I  
20 remind the witness, this is not his response.

21 BY THE WITNESS:

22 A. (Doran) I'm familiar, I see the exhibit on the screen,  
23 ma'am.

24 BY MS. KNOWLTON:

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[Witness panel: Gates|Doran|Henderson]

- 1 Q. You see the exhibit? Okay. So, based on this, it's  
2 Mr. McCarthy's -- it was Mr. McCarthy's position that  
3 no one in the Department of Public Works for the City  
4 of Nashua will play any role with regard to the  
5 operations of these assets. Am I reading that  
6 correctly?
- 7 A. (Doran) Yes, you are.
- 8 Q. Okay. So, it's probably fair to assume, isn't it, that  
9 at least when he wrote this answer that no one at DPW  
10 was going to get involved in the operation of the water  
11 utility on a day-to-day basis?
- 12 A. (Doran) His perceptions are not our perceptions.
- 13 Q. Would he know more about that than you would?
- 14 A. (Doran) I don't think at this point in time, I know  
15 that, as a department, and the way it's set up, that we  
16 be as similar to a department and acting on behalf of  
17 the City as a department, department heads get together  
18 from time to time. From what our understanding of the  
19 oversight role, the DPW will not operate the water  
20 system or have anything to do with the operation, as  
21 that exhibit that you're pointing out on the screen  
22 right now states.
- 23 Q. And, to your knowledge, there's no one at the City,  
24 other than the Mayor and the Board of Aldermen, that

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[Witness panel: Gates|Doran|Henderson]

1 are going to be involved in a regular basis with the  
2 operation of these water assets?

3 A. (Doran) There may be someone to yet to be determined or  
4 designated by the City. I have no knowledge of that.

5 Q. But not yet determined?

6 A. (Doran) But not yet determined, that's correct, to my  
7 knowledge.

8 MS. KNOWLTON: I'm making good progress.

9 BY MS. KNOWLTON:

10 Q. Okay. Let's talk about the assumptions under the  
11 Beck/Nashua contract. There's a section of the  
12 contract that contain certain assumptions. That's at  
13 Page 99 of Exhibit 1006. Mr. Doran, are you familiar  
14 with these contract assumptions?

15 A. (Doran) Yes, I am.

16 Q. And, it looks like under these assumptions that you've  
17 budgeted one meeting a month with the Mayor and the  
18 Board of Aldermen each during the first year of the  
19 contract, is that right?

20 A. (Doran) That's under Item 3, on Page 99. The actual  
21 scope of the Assumptions begins on the previous page,  
22 98.

23 Q. Okay. That's fair. Do you think one meeting enough is  
24 enough -- one meeting a month is enough?

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[Witness panel: Gates|Doran|Henderson]

1 A. (Doran) If you notice the wording, Ms. Knowlton, it  
2 says "one meeting with the Mayor and Board of Aldermen  
3 each month over the first year of service." If you go  
4 to the previous page, 98, under Bullet Number 2, there  
5 will be 14 additional owner meetings over the Initial  
6 Task period that's included in the scope. So, there  
7 the contact with the Mayor and the Board of Aldermen  
8 could be part of those 14 meetings, and, additionally,  
9 there are two, under this next bullet down, there are  
10 two additional meetings with the Mayor and Aldermen  
11 over the Initial Task period. So, there's coverage  
12 over the first year, you know, very large coverage.

13 Q. If you need to meet more, does it cost more?

14 A. (Doran) It depends on how the budget is spent and how  
15 the City determines how the budget is spent. More  
16 meetings could be done under the existing budget, at  
17 the sacrifice of other oversight services.

18 Q. Tell me what services will be sacrificed?

19 A. (Doran) "Sacrifice" is probably not the  
20 characterization, but up to the budget amount. That's  
21 the correct assumption.

22 Q. If you had to choose what you wouldn't do under your  
23 oversight services to spend more time meeting with the  
24 City, what wouldn't you do?

[Witness panel: Gates|Doran|Henderson]

- 1 A. (Doran) I can't really comment on that at the present  
2 time. That's a hypothetical situation. There would  
3 have to be judgment at the time the specific occurrence  
4 comes.
- 5 Q. If I could focus your attention back on Page 99. The  
6 reference that I was speaking about with the "one  
7 meeting a month with the Mayor and the Board of  
8 Aldermen each" is for Recurring Tasks, right? You were  
9 -- The 14 that you were talking about pertains to  
10 Initial Tasks under the contract?
- 11 A. (Doran) Yes. But that, also, the language is there  
12 "over the first year of service".
- 13 Q. Let's assume you're into the second year, same contract  
14 applies, and you've got one month's -- monthly meeting  
15 each with the Mayor and the Board of Aldermen. What  
16 I'm just trying to understand is, if you need to meet  
17 more, does it cost more money? Does it then become a  
18 Supplemental Service?
- 19 A. (Doran) If it can be accommodated under the budget that  
20 we have established in the Scope of Services, we would  
21 use that and work with the City. If the City wanted  
22 five meetings per month, and that's an extraordinary  
23 amount, that that would have to be negotiated with the  
24 City, because that was not originally anticipated by

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[Witness panel: Gates|Doran|Henderson]

1 the Scope of Services.

2 Q. But when you talked about your dispute with the City in  
3 the MOU earlier this afternoon, you did indicate that  
4 that took way more meetings than you had planned for,  
5 right?

6 A. (Doran) Right. And, I did a lot of those meetings on  
7 my own time, and didn't bill the City for it.

8 Q. That's awfully charitable?

9 A. (Doran) It is, isn't it.

10 Q. Okay. What about Veolia? You're budgeted to meet with  
11 them no more than three days a month for the first year  
12 of service, right?

13 A. (Doran) According to the exhibit, on Page 99, that's  
14 correct.

15 Q. How do you define what a "meeting" is?

16 A. (Doran) "Three full days of on-site meetings", I would  
17 like to look at it as a time basis. And, if I only  
18 needed to have, being in Hollis, New Hampshire, if I  
19 needed to meet with them two hours, all right, then  
20 that means I have 22 hours available to expend during  
21 that same period. "On-site meetings" is just a  
22 representation of a time element and a level of  
23 service. And, there's a lot, being local, there's a  
24 lot that could be accomplished in three full or a

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[Witness panel: Gates|Doran|Henderson]

1 24-hour period, which that "three full-day on-site  
2 meetings" represents.

3 Q. Are you going to be keeping time cards to track those  
4 days, where you spent two hours on the meeting, instead  
5 of eight hours?

6 A. (Doran) In a consulting firm, as all businesses, we  
7 have to account for our time.

8 Q. And, will the City have the right to come in and audit  
9 those time cards, if they want to make sure that you  
10 put in the full three days?

11 A. (Doran) The clients always have that right.

12 Q. Is it possible that you might not schedule a meeting,  
13 because you've already hit your quota of the three  
14 meetings?

15 A. (Doran) It's possible that a meeting might not be  
16 needed, and then it wouldn't be scheduled. It has  
17 nothing to do with "quota".

18 Q. And, is the converse true, too, or possible at least?

19 A. (Doran) Again, not knowing, and you're taking things  
20 out of context, and without knowing what you're  
21 referring to, conceding, since there's no context in a  
22 well defined framework to answer that question, yes,  
23 I'd have to agree to that, what you just said.

24 CHAIRMAN GETZ: And, I'm not sure what

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[Witness panel: Gates|Doran|Henderson]

1 the "converse" in that situation is.

2 MS. KNOWLTON: Well, I mean that it's  
3 possible that, and maybe I used the wrong word, it's  
4 possible that, if he has hit his quota of three meetings,  
5 that he might not schedule the next meeting, you know,  
6 because it's going to be over and above the three.

7 BY MS. KNOWLTON:

8 Q. That's my question. Is that possible?

9 A. (Doran) Again, if it's a City request of an  
10 unreasonable amount of meetings external to what we had  
11 originally planned, then it would be -- have to be  
12 worked out an arrangement for billing.

13 Q. Okay. Mr. Henderson, you've gotten off the hook so  
14 easy this afternoon.

15 A. (Henderson) I sure have.

16 Q. It's your turn, quickly. You're going to need to learn  
17 about the Pennichuck system, too, right?

18 A. (Henderson) That's correct.

19 Q. How many hours do you think it's going to take you to  
20 become familiar with the assets?

21 A. (Henderson) I don't know how to answer that, to be  
22 honest with you. Every time we have been involved with  
23 a client that we work with, and as we work with them  
24 doing specific tasks, we gain familiarity with the --

[Witness panel: Gates|Doran|Henderson]

1           it's not a discrete set of time that we stop and say  
2           "okay, we're now going to go and learn about the  
3           system."

4   Q.    So, knowledge is cumulative?

5   A.    (Henderson) That's correct.

6   Q.    And, it takes a while to ramp up --

7   A.    (Henderson) That's right.

8   Q.    -- and gain a detailed knowledge of the system.  Would  
9           you agree that the oversight of this system, you know,  
10          that it's a very complex water system?

11  A.    (Henderson) It's a water system with a lot of different  
12          components, yes.

13  Q.    Will there be others at Tetra Tech, other than  
14          yourself, that will need to familiarize themselves and  
15          learn about these assets?

16  A.    (Henderson) There may be.

17  Q.    And, where are they located?

18  A.    (Henderson) They could be located anywhere in the  
19          country.  The model that we use would be that, as I  
20          need specific expertise, I would identify that  
21          expertise and make available to them the information  
22          that they needed to -- by which to provide the  
23          expertise that I'm looking for from them.

24  Q.    So, they could come from Colorado?

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[Witness panel: Gates|Doran|Henderson]

- 1 A. (Henderson) They could be in Colorado. They don't  
2 necessarily need to come here to do what I would be  
3 asking them to do.
- 4 Q. Or Oklahoma? I think, in your deposition, you said  
5 "San Diego"?
- 6 A. (Henderson) That's correct.
- 7 Q. Orlando?
- 8 A. (Henderson) That's correct.
- 9 Q. Fairfax, Virginia?
- 10 A. (Henderson) Yes.
- 11 Q. Seattle?
- 12 A. (Henderson) Uh-huh.
- 13 Q. Michigan?
- 14 A. (Henderson) Yes. It's the advantage of being a large,  
15 multidisciplinary engineering firm, is you have those  
16 resources available to you.
- 17 Q. But won't they need to understand the assets that are  
18 in Nashua, Epping, and Newmarket, and Plaistow and --
- 19 A. (Henderson) Can I give you an example?
- 20 Q. Sure.
- 21 A. (Henderson) The example was with respect to watershed  
22 management and techniques. And, the firm -- Tetra Tech  
23 is a national leader in that and has written some of  
24 the manuals for EPA for watershed management. I had

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[Witness panel: Gates|Doran|Henderson]

1 questions specific about watershed management. I sent  
2 an e-mail to the head of the Watershed Management Group  
3 requesting information on the use of copper sulphates  
4 and phosphates and phosphorous in water supplies, which  
5 I'm generally familiar with, but I am not an expert. I  
6 can explain to him what are the issues at hand, and he  
7 can provide the information to me. And, I did that  
8 this morning, at 6:00 this morning, and at 9:00 this  
9 morning I had a document in my hand explaining exactly  
10 the issues associated with that, that I can take and  
11 apply to whatever the circumstances are for Nashua.

12 Q. So, you think those -- the expertise of your company  
13 that you can draw from in all of these places across  
14 the United States, that they're going to provide would  
15 you say a better under -- or, let's just say the same  
16 understanding as you would get from, say, the  
17 Pennichuck people that are here on the ground in  
18 Nashua?

19 A. (Henderson) Excuse me. Repeat the question.

20 Q. Well, I guess what I understand you to say is that  
21 you're going to be drawing from the expertise of your  
22 colleagues across the country, correct?

23 A. (Henderson) That's correct.

24 Q. And, they may not necessarily ever come here to see the

[Witness panel: Gates|Doran|Henderson]

1 water system, right?

2 A. (Henderson) That's correct.

3 Q. But that you feel confident, nonetheless, that they're  
4 going to have a sufficient understanding of the  
5 vagaries of this water system without ever having seen  
6 it, correct?

7 A. (Henderson) That's correct.

8 Q. Okay. And, Mr. Doran, one last question for you and  
9 then I think I'm done. You testified earlier that you  
10 have never personally ever overseen the operation of a  
11 water system, right?

12 A. (Doran) That's correct.

13 Q. And, Mr. Gates, I'll just ask you one quick one. You  
14 haven't either, right?

15 A. (Gates) No, ma'am.

16 Q. Okay. And, neither of you, neither Mr. Gates nor  
17 Mr. Henderson possess any kind of operator's license to  
18 operate a water system, right?

19 A. (Gates) Let me explain the licensing situation.

20 Q. Well, can I just ask -- can I just ask first, do you  
21 have a license in New Hampshire? And, then offer your  
22 opinion.

23 A. (Gates) I have a Professional Engineering license.

24 And, I am Board certified by the American Academy of

[Witness panel: Gates|Doran|Henderson]

1 Environmental Engineers.

2 Q. But no license to operate a water system?

3 A. (Gates) And, those are hierarchy on top of operating  
4 licenses. In some states, and I'm not familiar with  
5 the licensing law here in New Hampshire, but, in some  
6 states, in fact, Professional Engineering licensure is  
7 adequate for operation of facilities. Generally, the  
8 principles of engineering apply on top of the  
9 principles of operations. They're science and  
10 engineering principles. So, as a licensed Professional  
11 Engineer, it's the same principles, taken to a higher  
12 level of understanding.

13 Q. But, sitting here today, you don't know that, under New  
14 Hampshire's regulatory licensing scheme, that you would  
15 be actually authorized to and properly licensed to  
16 operate this water system?

17 A. (Gates) No, I am not properly licensed to operate --

18 Q. Okay.

19 A. (Gates) -- in the State of New Hampshire, that's  
20 correct.

21 Q. Okay. And, Mr. Doran, you know, you're going to be  
22 overseeing these operations, though you've never  
23 actually ever operated a system yourself, correct?

24 A. (Doran) And, that's not unusual. Because this is

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[Witness panel: Gates|Doran|Henderson]

1 contract is a management role. And, it's a management  
2 role to administer a management of an operations  
3 contract. Just as a CEO would rely on expertise or a  
4 public works director, if he was to provide the same  
5 service in another municipality, would rely on the  
6 expertise outside of his own to bring into bear to  
7 operate this system. I have all of those team, and  
8 with the team that we've set up, I have those resources  
9 available to me at any point in time, that are more  
10 expert in areas specifically on the technical area of  
11 operating a water system, but, for the management's  
12 role, and that's where I provide my expertise, is  
13 knowing enough, knowing and familiar with the right --  
14 right relations to impart a management aspect to this  
15 contract. And, that's what I bring, 33 plus years,  
16 also as a registered Professional Engineer in New  
17 Hampshire, being exposed to all kinds of environmental  
18 regulations, maintenance requirements, budget,  
19 construction contracts over my career.

20 Q. So, it's knowing who else to call would have the  
21 answer, right?

22 A. As a CEO and a public works director that would be  
23 providing these same services, that's correct.

24 MS. KNOWLTON: Okay. Thank you. I have

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[Witness panel: Gates|Doran|Henderson]

1 nothing further.

2 CHAIRMAN GETZ: Ms. Thunberg.

3 MS. THUNBERG: Mr. Chairman, I expect  
4 I'll take 15 minutes. Good afternoon, gentlemen.

5 WITNESS HENDERSON: Hi.

6 WITNESS GATES: Hi.

7 WITNESS DORAN: Hi. How you doing.

8 BY MS. THUNBERG:

9 Q. And, I think I'll start out, Mr. Henderson, with you.

10 I think we've already gone through or you have  
11 testified that you have no executed contract with  
12 respect to the operations of Pennichuck Water Works, is  
13 that correct?

14 A. (Henderson) That's correct.

15 Q. And, Misters Dorn and Gates, I believe you already  
16 testified that your Professional Services Agreement is  
17 in draft form, is that correct?

18 A. (Gates) That is correct.

19 A. (Doran) That's correct, ma'am.

20 Q. And, Mr. Gates, could you tell me, what is the term of  
21 this Professional Services Agreement?

22 A. (Gates) I believe the current term is six years, with  
23 an extension capability.

24 Q. Okay. And, Mr. Gates, does Beck expect to need to go

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[Witness panel: Gates|Doran|Henderson]

1 back and renegotiate this agreement, in the event that  
2 the Commission approves Nashua taking the assets?

3 A. (Gates) That would be at the pleasure of the City.

4 Q. Okay.

5 A. (Gates) As I understand how things have come together  
6 with the Veolia contract, the scope offered is adequate  
7 at this time.

8 Q. I'm sorry, what was the last part that you said?

9 A. (Gates) The scope under our contract, as offered, would  
10 be adequate.

11 Q. Okay. Then, is it fair to say that this draft  
12 Professional Services Agreement, that Staff can give it  
13 substantial weight as embodying what services Beck  
14 expects to provide, once the asset or if the assets are  
15 acquired by the City of Nashua?

16 A. (Gates) I think that's correct.

17 Q. And, this question goes to either Mr. Gates or Mr.  
18 Doran. I presume both of you are generally familiar  
19 with the terms of Veolia's OM&M contract, is that  
20 correct?

21 A. (Gates) Yes, ma'am.

22 A. (Doran) Yes, ma'am.

23 Q. And, that you are also aware that this Veolia OM&M  
24 agreement is presently a draft?

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[Witness panel: Gates|Doran|Henderson]

1 A. (Gates) That's correct.

2 A. (Doran) That's correct.

3 Q. Are you aware of whether the Veolia agreement will be  
4 expanded?

5 A. (Gates) When you say "expanded", could you elaborate  
6 for me please?

7 Q. Yes. I could give you a specific example. Is it your  
8 understanding that the present Veolia agreement does  
9 not specifically require Veolia to be a member of the  
10 DigSafe or comply with DigSafe laws in this state?

11 A. (Doran) I believe that Veolia has said that they would  
12 become a member. That was in subsequent testimony by  
13 Veolia.

14 Q. Okay. If that membership is ultimately embodied in  
15 their management -- their OM&M agreement, what is that  
16 going to do with the Beck agreement? Is the Beck  
17 agreement going to expand to cover that expansion?

18 A. (Doran) Without specific tasks that will require an  
19 expansion, if you could elaborate what you are driving  
20 at with the question a little bit more for me? Expand  
21 on your question?

22 Q. Sure. In the Scope of Services that is attached as  
23 Exhibit A to the Professional Services Agreement, does  
24 that specifically require Beck to oversee Veolia's

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[Witness panel: Gates|Doran|Henderson]

1 compliance and membership -- compliance with DigSafe  
2 laws and membership in the DigSafe Program?

3 A. (Doran) First of all, that the membership in DigSafe is  
4 Veolia's, the membership is Veolia's. And, we would  
5 have no interfacing of that membership ourselves. To  
6 the extent that it involves operations and field work  
7 or whatever, marking utilities, we would make sure that  
8 it was done as part of our oversight services, but we  
9 would not be responsible for the accuracy or anything  
10 like that. But we would be, as far as DigSafe goes,  
11 those type of services, we would make sure that they  
12 have been accomplished.

13 Q. Can you tell me under what portion of the Scope of  
14 Services that oversight of Veolia's compliance with  
15 DigSafe laws would be in?

16 A. (Doran) Are you referring, ma'am, to our Scope of  
17 Services or --

18 Q. Yes, I am. And, if it would be more helpful, if it's  
19 easier for you to cite what fee it would be under,  
20 perhaps that's a broader category?

21 A. (Doran) Usually, a DigSafe is required when the  
22 construction takes place. So, on Exhibit 1006,  
23 Page 99, on Item Number 3, second bullet from the  
24 bottom, there's Construction Coordination, an allowance

[Witness panel: Gates|Doran|Henderson]

1 of \$40,000 is part of that language on our exhibit in  
2 Scope. Anything that would do with construction would  
3 be coming under that.

4 Q. So, are you saying that this \$40,000 in Recurring Tasks  
5 would cover Beck's oversight of all of the DigSafe  
6 markings and locating that --

7 A. (Doran) Again, our interest is that it's actually been  
8 done, and not taking measurements. So, we could  
9 actually see the markings, as everybody here in the  
10 room I'm sure is familiar with the markings of DigSafe,  
11 when you go around to different utilities, we can  
12 actually see if, in fact, a construction service, and  
13 that takes a drive-by going to Dunkin Donuts even.

14 Q. Are you familiar that marking and locating -- strike  
15 that question. I guess I'll go back to my original  
16 question of expansion. And, I used the DigSafe  
17 additional work that Veolia has contemplated as an  
18 example of the OM&M expansion, and whether the Beck  
19 agreement would expand? And, is it fair to  
20 characterize your response just now is that, "no, the  
21 Beck agreement would not need to expand, because it is  
22 listed on Page 99", in the paragraph that you just  
23 cited?

24 A. (Doran) You asked me for an example within the contract

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[Witness panel: Gates|Doran|Henderson]

1 of where DigSafe would come under, and I gave you that  
2 example in response to that question. Expansion of  
3 services, Veolia is responsible for the DigSafe. The  
4 time, the research, the effort to go in and mark it,  
5 would be their responsibility. Checking to see if, in  
6 fact, it's done is a very small responsibility. And,  
7 in my estimation and characterization, would not  
8 require an expansion of our Scope of Services.

9 Q. I'm going to move onto another example. Are you  
10 familiar with Veolia having customer service process  
11 charts?

12 A. (Doran) No, I am not.

13 Q. Are you aware, in general, that companies can have  
14 standards depicting a process for, say, customer  
15 service?

16 A. (Doran) I'm sure that they would have their own  
17 internal standards.

18 Q. With respect to internal standards that are not  
19 announced in the OM&M contract, would Beck's  
20 oversight include overseeing whether Veolia is  
21 complying with its own standards?

22 A. (Doran) If it has something to do with the Scope of  
23 Services in the Veolia contract, and if it's directly  
24 related to that Scope of Services in the Veolia

[Witness panel: Gates|Doran|Henderson]

1 contract, that's correct. It would be our purview for  
2 the oversight services there. If it's something that's  
3 not purview to me, and company proprietary and  
4 confidential, we would have no reason or right to have  
5 access to company proprietary information.

6 Q. Okay. If Veolia is to train employees within Nashua's  
7 Billing Department, pursuant to these customer service  
8 process charts or these internal standards that Veolia  
9 has, will Beck be overseeing that training?

10 A. (Doran) I'd have to do a little bit more research on  
11 that question. I can't answer that on the top of my  
12 head. I understand that we do not interface with the  
13 City's Customer Service, other than to make sure it's  
14 done. But, again, defer to, a proper answer would take  
15 a little bit of research on my part.

16 Q. Okay. And, I think this has come out in the earlier  
17 testimony, but I'd just like to quickly recap in one  
18 spot in this transcript. There are three major fee  
19 structures, is that correct, in your -- in Beck's  
20 Professional Services Agreement?

21 A. (Doran) Yes, I believe Mr. Gates testified to that.

22 Q. And, one is the Initial Tasks, for approximately  
23 \$230,000?

24 A. (Doran) That's correct.

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[Witness panel: Gates|Doran|Henderson]

- 1 Q. And, what is the time period that the Initial Tasks  
2 covers?
- 3 A. (Doran) I believe it's the first year. The Initial  
4 Tasks would be occurring during that first year.
- 5 Q. Okay. And, the next category of fees, is it correct  
6 that it is the Recurring Tasks for services that are at  
7 an hourly rate, with a cap of \$315,000?
- 8 A. (Doran) I believe that that's correct.
- 9 Q. Okay. And, then, Supplemental Services is another  
10 category of fees, but that's on an hourly rate, is that  
11 correct?
- 12 A. (Doran) I don't -- Again, I believe, I'm not sure  
13 exactly what I testified to, but it could be an hourly  
14 rate or it could be a different form. I'm not sure of  
15 how the terms would take. Usually, it's a time and  
16 materials basis.
- 17 Q. And, Mr. Gates and Dorn, are you aware of any other fee  
18 structures that I just -- that I haven't listed that  
19 you are aware of in your Professional Services  
20 Agreement?
- 21 A. (Gates) No, I think you've summarized it adequately.
- 22 Q. With respect to the Initial Tasks, \$230,000, is that  
23 now outdated?
- 24 A. (Doran) Could you define "outdated" please?

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[Witness panel: Gates|Doran|Henderson]

- 1 Q. My understanding is this Professional Services  
2 Agreement was drafted a couple of years ago. That it  
3 is still unexecuted. Looking into the future, if Beck  
4 signs a contract, what is the likelihood that Beck will  
5 still use that \$230,000 for its Initial Tasks  
6 component?
- 7 A. (Gates) May I answer that for you?
- 8 Q. Sure.
- 9 A. (Gates) Yes. The contract, as written, at Page 2,  
10 describes the fee that you're talking about as being  
11 valid until a date certain, and then an escalation  
12 factor is applied after that date certain. So, yes,  
13 indeed, the \$230,000 would be escalated according to  
14 the terms.
- 15 Q. Okay. So, we can, with the date that's in that  
16 Paragraph B on Page 2, which is Page 81 of Exhibit  
17 1006, we would then take that "December 31st, 2005"  
18 good through date, apply the Consumer Price Index to  
19 bring it up to 2007 or 2008. Is that how we would  
20 arrive at this Initial Tasks?
- 21 A. (Gates) That was the intent of the term, yes.
- 22 Q. Okay. And, would that same thought process apply to  
23 updating the Recurring Tasks portion?
- 24 A. (Gates) Yes, you will find similar language in

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[Witness panel: Gates|Doran|Henderson]

1 Paragraph C.

2 Q. But with respect to the hourly rates that are set forth  
3 in Exhibit B to this Professional Services Agreement,  
4 there would be no updating pursuant to a Consumer Price  
5 Index, is that right?

6 A. (Gates) I believe there's an escalation clause for the  
7 rates also in the contract.

8 Q. With respect to the hourly rates?

9 A. (Gates) Correct.

10 Q. Okay. And, since you have the Professional Services  
11 Agreement before you, I'd like to have you turn to  
12 Page 89, 90, I guess there's just those two pages  
13 please. And, with respect to the "Owner's Support for  
14 Bonding Requirements", can you tell me whether that is  
15 under the work that would be done as an Initial Task,  
16 Recurring Task, or Supplemental, or is this something  
17 else?

18 A. (Gates) This is a -- would be offered as a Supplemental  
19 Service.

20 Q. And, turning to Page 90, I have the same question with  
21 the paragraph entitled "Oversight of Owner's Water  
22 Ordinance"?

23 A. (Gates) Likewise, that's offered as a Supplemental  
24 Service.

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[Witness panel: Gates|Doran|Henderson]

- 1 Q. And, the next paragraph, "Oversight of State, Federal  
2 and Local Permit Compliance", is that Initial,  
3 Recurring or Supplemental?
- 4 A. (Gates) That would be offered as a Supplemental  
5 Service.
- 6 Q. And, the same question with "Oversight of OM&M  
7 Contractor Service Agreement"?
- 8 A. (Gates) This is the Initial Tasks.
- 9 Q. Now, was there any reason why, if we move onto Page 91,  
10 at the top, it states "Oversight of OM&M Contractor  
11 Services Agreement - Initial Tasks". Should some of  
12 those paragraphs have, like this, the last one you just  
13 mentioned, should that have been included in this  
14 Initial Tasks section of Exhibit A?
- 15 A. (Gates) I'm sorry, I lost you.
- 16 Q. We talked about oversight of OM&M Contractor Service  
17 Agreement, as in basic services, that's on page -- the  
18 bottom of Page 90.
- 19 A. (Gates) Yes.
- 20 Q. And, you just told me that that's going to be under the  
21 Initial Tasks fee. And, when I was trying to find out  
22 what was in that Initial Tasks fee, I turned to  
23 Page 91, saw the title at the top and thought "Oh, all  
24 these pages with the tasks," I guess seven tasks,

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[Witness panel: Gates|Doran|Henderson]

1 following through Page 93, I thought that was the  
2 universe of what was in the Initial Tasks. So, my  
3 question was there is, was there a reason why one  
4 paragraph was not included with the other Initial Tasks  
5 listings?

6 A. (Gates) You're speaking about the paragraph at the  
7 bottom of contract Page 11, which I believe is Exhibit  
8 Page 90?

9 Q. Correct.

10 A. (Gates) And, should that be attached, now you're saying  
11 it would be from a format standpoint, if it would  
12 logically attach to both, the paragraph on the  
13 following page?

14 Q. It's a formatting question, but more so, was there any  
15 significance in leaving these out of the Initial Tasks  
16 section, Recurring Tasks section, the Supplemental  
17 Tasks section? That's all I'm -- the basic point I'm  
18 trying to get from you.

19 A. (Gates) Well, if I understand your question, the "Basic  
20 Services" heading is actually headed above the "Initial  
21 Tasks" heading, which is a subheading, and the  
22 Recurring Tasks, which is a subheading, of the "Basic  
23 Services" heading, perhaps some awkward formating. In  
24 our parlance, "basic services" are those services that

[Witness panel: Gates|Doran|Henderson]

1 you contract for as the basis of the contract, and  
2 supplemental services are later.

3 When Nashua came along with the  
4 construct of Initial services and Recurring services,  
5 proposing that as basic services, I think perhaps  
6 that's awkward in terms of formatting. And, I think we  
7 were also faced with some pretty tight deadlines as  
8 these documents were produced for recording.

9 Q. No, I appreciate your explanation. I at least followed  
10 it, and I hope the rest of the folks in this room  
11 followed that explanation. If I could have Exhibit  
12 1006, Page 92 pulled up please. And, Mr. Gates and  
13 Dorn, I'd like to draw your attention to "Initial Task  
14 3 - Evaluate Initial Staffing". And, this task  
15 obligates Beck to review Veolia's 40 some odd  
16 employees, is that correct?

17 A. (Gates) It commits us to removing their staffing plan.

18 Q. Who's going to be covered in Veolia's staffing plan?

19 A. (Gates) I'll take a crack, and if you want to add.

20 A. (Doran) Sure.

21 A. (Gates) I think Veolia is going to write the plan, so  
22 we'll see. But, typically, it would be comprehensive,  
23 in terms of who they will deploy to satisfy the  
24 requirements of the contract.

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[Witness panel: Gates|Doran|Henderson]

- 1 Q. Okay.
- 2 A. (Gates) Operations, construction labor, maintenance  
3 specialists, customer service personnel, what have you.  
4 We would expect all that to be included in their  
5 staffing plan.
- 6 Q. Would your expectation be that Veolia would, in this  
7 staffing plan, it would also include the City of Nashua  
8 Billing Department folks?
- 9 A. (Gates) Well, if they're not -- if they're not Veolia  
10 staff, I wouldn't expect them to be included in the  
11 Veolia staffing plan.
- 12 Q. I'm sorry, you said "they would not" --
- 13 A. (Gates) If they are not Veolia staff, I would not  
14 expect them to be in Veolia's staffing plan.
- 15 Q. Okay. My next question is about timing of this review.  
16 My understanding is that this evaluation of the initial  
17 staffing is going to -- is an Initial Task, and it's  
18 going to occur within the first year of the  
19 Professional Services Agreement, is that correct?
- 20 A. (Gates) I think the Veolia contract has an early  
21 deadline for submittal of that plan. I don't recall  
22 offhand if it's 30 or 60 days after notice to proceed.  
23 But we would prioritize the review and approval, that  
24 is a critical document.

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[Witness panel: Gates|Doran|Henderson]

- 1 Q. Okay.
- 2 A. (Gates) So, I would expect it to happen very early.
- 3 Q. Could I have Exhibit 1005B, Page 60, pulled up please.
- 4 And, gentlemen, I'm drawing your attention to Appendix
- 5 D of Veolia's OM&M agreement. And, Section 15
- 6 discusses staffing. And, the very last paragraph talks
- 7 about "from time to time Veolia shall notify the owner
- 8 of any proposed revisions to its staffing plan." And,
- 9 if this "time to time" occurs beyond the Initial Tasks
- 10 portion of Beck's agreement, my presumption is that
- 11 Beck would not be obligated to review these staffing
- 12 changes at a later date. Is that correct?
- 13 A. (Doran) I'm sorry, ma'am. I was busy reading here.
- 14 Could you repeat the question and I can try to attempt
- 15 an answer for you?
- 16 Q. Sure. I understand from your testimony that the
- 17 Initial Tasks include looking at Veolia's initial
- 18 staffing proposal. And, that there is a time in Beck's
- 19 agreement within which that's supposed to be done, your
- 20 Initial Tasks, it being one year, correct?
- 21 A. (Witness Dorn nodding affirmatively).
- 22 Q. I am positing to you that, under this Section 15 of
- 23 Veolia's agreement, that, when it says "from time to
- 24 time", couldn't that mean "beyond Beck's first year"?

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[Witness panel: Gates|Doran|Henderson]

1 And, if that occurs, who oversees the changes?

2 A. (Doran) Okay. I can agree with that "from time to  
3 time" could be beyond the first year.

4 Q. Uh-huh.

5 A. (Doran) You know, I would so stipulate that. Regarding  
6 the changes, I would suspect that, if it's a change and  
7 it's a policy, that Veolia would have brought it under  
8 their contract, in their separate contract with the  
9 City. And, if asked by the Board of Aldermen, who have  
10 policy decisions, we would take a look at, if it's  
11 additional or a subtraction of staff, we'd take a look  
12 at that. And, if we were asked an opinion, we would do  
13 so. And, that would have to come under the Recurring  
14 Tasks budget, you know, throughout our continued  
15 Recurring Tasks.

16 Q. Okay. So, you believe that subsequent oversight would  
17 be under Recurring, the Recurring portion of your  
18 contract?

19 A. (Gates) Yes, if there was a substantive change, a  
20 proposed change in the staffing plan from Veolia, it  
21 would obviously be something that would be subject to a  
22 review and approval by the owner. And, if our advice  
23 was called upon, we would accommodate through Recurring  
24 Task 1.

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[Witness panel: Gates|Doran|Henderson]

1 Q. Thank you. And, I just have a few more questions. I  
2 don't know if this is -- if I can have Exhibit 1006,  
3 Page 90, pulled up please. And, Mr. Gates and Dorn,  
4 I'd like to draw your attention to the "Oversight of  
5 Owner's Water Ordinance". It's the second full  
6 paragraph in this, on this page. And, it states that  
7 "The Consultant will oversee that the provisions of the  
8 Owner's Water Ordinance is being adhered to". And, I  
9 believe you may have testified earlier that you are  
10 aware that the City's water ordinance is presently in  
11 draft state, is that correct?

12 A. (Doran) I believe that that was produced after the  
13 Scope of Services were developed in its entirety, the  
14 Initial Tasks per the RFP and the Recurring Tasks and  
15 the Supplemental Services. And, the way we understand  
16 it, that the water ordinance is in draft form. It  
17 hasn't been finalized. I know that it has been  
18 presented to the Policy Board of Aldermen for opinions.  
19 And, I know that they have had many meetings on it.

20 Q. Does Beck expect to be involved in the finalizing of  
21 this water ordinance?

22 A. (Doran) At the present time, no.

23 MS. THUNBERG: Staff has no further  
24 questions. Thank you.

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[Witness panel: Gates|Doran|Henderson]

- 1 CHAIRMAN GETZ: Thank you.
- 2 Ms. Reinemann?
- 3 MS. REINEMANN: We have no questions.
- 4 CHAIRMAN GETZ: Mr. Alexander?
- 5 MR. ALEXANDER: I do have just a couple.
- 6 Good afternoon.
- 7 WITNESS HENDERSON: Good afternoon.
- 8 WITNESS GATES: Good afternoon.
- 9 WITNESS DORAN: Good afternoon.
- 10 MR. ALEXANDER: I represent
- 11 Anheuser-Busch.
- 12 BY MR. ALEXANDER:
- 13 Q. If I understood some of your testimony earlier, it's
- 14 contemplated that R.W. Beck may play a role in advising
- 15 the City on rates. And, I direct my question to
- 16 whoever on the panel is best able to answer it. Was I
- 17 correct in that understanding?
- 18 A. (Gates) We have that capability, should the City choose
- 19 to rely on our experience.
- 20 Q. And, that would be a Supplemental Service?
- 21 A. (Gates) That's correct.
- 22 Q. You say you "have that capability". Is that in-house
- 23 there is experience and expertise?
- 24 A. (Gates) We're involved in quite a bit of that work

[Witness panel: Gates|Doran|Henderson]

1 across the country.

2 Q. Can you -- Do you have in mind a scenario under which  
3 you would be involved in developing rates? Or is it  
4 simply a question of, if the City asked you to, that  
5 you would assist?

6 A. (Gates) Well, there hasn't been any serious discussion  
7 to that effect to this point in time. I think other  
8 matters have taken priority.

9 MR. ALEXANDER: Thank you.

10 CMSR. BELOW: Yes.

11 BY CMSR. BELOW:

12 Q. Does R.W. Beck, as a whole, have experience with  
13 privatization of municipal utility services?

14 A. (Gates) When you say "privatization", you mean taking  
15 public assets and putting them over to private  
16 ownership?

17 Q. Or private operations.

18 A. (Gates) Private contract operations?

19 Q. Right.

20 A. (Gates) Yes. We have been involved in procurements of  
21 that nature.

22 Q. And, does R.W. Beck have experience with, in general,  
23 with municipalization of private investor-owned  
24 utilities in eminent domain proceedings?

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[Witness panel: Gates|Doran|Henderson]

1 A. (Gates) Fairly well in the electric sector.

2 Q. And, for example? Can you give some examples?

3 A. (Gates) Well, now you've pushed me beyond my able  
4 comfort zone. Being a water engineer, as you may know,  
5 Mr. Beck started out in 1945 municipalizing electric  
6 companies in Oklahoma, and moved across the country.  
7 So, that's Mr. Beck's pedigree, Mr. Robert Beck.

8 Q. Mr. Doran, you're a registered Professional Engineer in  
9 New Hampshire?

10 A. (Doran) That's correct.

11 Q. I think, on Page 6 of your resumé that's part of  
12 Exhibit 1006, one of the things that you did is it  
13 mentions "Project Manager/Chief Designer, Londonderry  
14 New Hampshire Water Transmission System Improvements".  
15 Could you just characterize that work and when was  
16 that? Who was that for?

17 A. (Doran) Would you again, sir, the page number?

18 Q. Page 6, of the original numbering.

19 A. (Doran) Of the original numbering.

20 MR. RICHARDSON: Page 15 of Exhibit  
21 1006.

22 WITNESS DORAN: Okay. And, where is  
23 this specific reference, sir?

24 CMSR. BELOW: Bottom of the page.

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[Witness panel: Gates|Doran|Henderson]

1 WITNESS DORAN: Bottom?

2 BY THE WITNESS:

3 A. Londonderry? Okay. I was with a firm called Howland  
4 Engineering that was in Nashua, New Hampshire. It was  
5 opened by the construction company R.H. White. And, in  
6 that capacity, I was involved in certain aspects of  
7 hydraulic and water main design and construction and  
8 construction inspection. And, I'm not sure, my memory  
9 doesn't serve me, if we, under that capacity, I know  
10 R.H. White has done a lot of work for Pennichuck. I  
11 know, for the old Consumers Water, we did that work,  
12 and that was back in the early '90s, as far as the time  
13 frame.

14 CMSR. BELOW: Okay. That's all.

15 CHAIRMAN GETZ: Mr. Richardson, any  
16 redirect or do you need a minute?

17 MR. RICHARDSON: I just -- I can start  
18 right in. I only need a couple minutes.

19 REDIRECT EXAMINATION

20 BY MR. RICHARDSON:

21 Q. I'll address this to the panel, but I think Mr. Gates  
22 or Mr. Doran, maybe you can answer this. You were  
23 asked about Recurring Tasks, I believe, that are  
24 budgeted at \$315,000 per year, and then the Initial

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[Witness panel: Gates|Doran|Henderson]

- 1 Tasks for \$230,000, and that's in the first year. Can  
2 we bring up Exhibit 1017, I believe it's Page 20. If  
3 you look at Line Item 3 of the year 2007, I'll  
4 represent to you that that's the budget that Mr.  
5 Sansoucy prepared for the operation of the -- their  
6 oversight of the system. Do you think that there's  
7 sufficient revenues available for the City to perform  
8 those Initial and Recurring Tasks?
- 9 A. (Gates) Yes, it would appear to be so.
- 10 Q. Okay. And, so, the remainder would be available for  
11 Supplemental Services, if the City selected?
- 12 A. (Gates) At the pleasure of the City.
- 13 Q. And, then, in the second year, the Initial Tasks more  
14 or less go away, is that right?
- 15 A. (Gates) That's correct.
- 16 Q. And, I believe he's budgeted 736,000. And, now, I  
17 can't remember how it works under the contract, but you  
18 continue to have is it 315,000 or it's escalated by 4  
19 percent?
- 20 A. (Gates) Escalated, yes.
- 21 Q. Okay. And, so, the amount available for Supplemental  
22 Services is approximately 400,000 at that point?
- 23 A. (Gates) According to this proforma.
- 24 Q. And, do you believe that that's sufficient revenues for

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[Witness panel: Gates|Doran|Henderson]

1 a number of the Supplemental Services that you might  
2 expect would be requested by the City?

3 A. (Gates) Well, it takes a little bit of speculation,  
4 again, not knowing exactly what we're going to find as  
5 it relates to the need for capital improvement, for  
6 example. But that certainly is the right level of  
7 effort, given what we see at this time.

8 Q. Okay. Now, you spoke about Supplemental Services being  
9 billed at on a time and materials basis or hourly  
10 basis. Are there other ways to do it? And, what are  
11 they?

12 A. (Gates) Well, what we would envision actually is a task  
13 order sort of arrangement. Where, if a need has been  
14 identified, a scope would be developed, a budget would  
15 be offered, and a task order would be negotiated and  
16 approved for a specific scope of work for a specific  
17 price. It could be a time and materials price you're  
18 not to exceed, it could be a lump sum, or it could be  
19 an estimate, if, for some reason, there's just too many  
20 variables to put a price on it.

21 Q. Okay. Now, you were also asked on cross-examination  
22 about "well, what would happen if the budget ran out in  
23 six months for the Recurring Tasks? And, you know,  
24 would you simply terminate the contract under the 30

[Witness panel: Gates|Doran|Henderson]

1 day provision?" Is that type of approach consistent  
2 with Beck's business model?

3 A. (Gates) Well, we're a customer-oriented firm. We've  
4 been in business 65 years. I've had a minute to  
5 reflect. One of our municipalization clients was  
6 Lafayette Utility Service in Louisiana. It's been a  
7 client since 1945. So, those are the sort of  
8 relationships that we like to have. We're committed to  
9 long-term partnerships with our customers. And, a  
10 termination in a 30 day notice would be a highly  
11 unusual situation for us.

12 The additional municipalization that we  
13 are involved in here regionally, South Central  
14 Connecticut Regional Water Authority, the former New  
15 Haven Water Company was municipalized. And, well, it  
16 was 25 years ago, 25 years plus. And, we're  
17 continuously and still are on their consulting team.  
18 So, those are the sorts of relationships that R.W. Beck  
19 strives as a cultural imperative to create. And, we  
20 would certainly hope that that's the sort of trusting,  
21 long-term relationship that we would perpetuate with  
22 Nashua.

23 Q. In fact, a 30 day termination provision requires that  
24 Beck continue to add value for the dollar, otherwise

[Witness panel: Gates|Doran|Henderson]

1 the risk is really on R.W. Beck, isn't it?

2 A. (Gates) Well, absolutely.

3 Q. I would like to turn your attention to Exhibit -- the  
4 there were questions about an audit being performed by  
5 R.W. Beck. And, if we could take a look at Exhibit  
6 1006, at Page 94. And, I believe there's a paragraph  
7 there about "auditing performance of the contractor  
8 planned maintenance". Excuse me, I've forgotten my  
9 question. Well, this is -- these are the types of  
10 audits that you'll be performing of Veolia's projects,  
11 and they're specifically authorized under your  
12 contract. Is it your understanding there's also a  
13 corresponding provision of the Veolia contract that  
14 allows you to perform this?

15 A. (Doran) Yes, that's correct.

16 MR. RICHARDSON: And, just for your  
17 reference or for the Commission's reference, I'll point  
18 the Commission to Exhibit 1005B, Page 4, Paragraph F.

19 BY MR. RICHARDSON:

20 Q. Mr. Gates, I believe, or Mr. Doran, you were asked a  
21 question about "whether the City of Nashua intended to  
22 allow other communities to have a vote in the operation  
23 of the water system?" Are you aware of how many votes  
24 they currently have? For example, how many members of

[Witness panel: Gates|Doran|Henderson]

1 the Board of Directors has the Town of Hollis  
2 appointed?

3 MS. KNOWLTON: Mr. Chairman?

4 CHAIRMAN GETZ: Ms. Knowlton.

5 MS. KNOWLTON: It's not -- I want to  
6 object to the extent that Mr. Richardson is referring to  
7 the regional water district. That's not clear to me from  
8 his question, what board he's referring to.

9 BY MR. RICHARDSON:

10 Q. I'm sorry. The Pennichuck Board of Directors I believe  
11 the question was directed to.

12 A. (Gates) I'm not familiar with Pennichuck's governance.

13 Q. Okay. Do you have any reason to believe that any of  
14 the surrounding communities today can appoint members  
15 to the Pennichuck Board?

16 A. (Doran) I don't have any knowledge to answer that,  
17 Mr. Richardson.

18 MR. RICHARDSON: Okay. Thank you.

19 CHAIRMAN GETZ: Okay. Then, I think  
20 that completes the cross-examination and redirect for this  
21 panel. So, you're excused, gentlemen. Thank you very  
22 much.

23 WITNESS DORAN: Thank you, Mr. Chairman.

24 CHAIRMAN GETZ: Why don't we take a

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 couple of minutes.

2 MR. UPTON: And, then we'll start right  
3 in with the Veolia people?

4 CHAIRMAN GETZ: Yes. Do you have any  
5 predictions, Mr. Upton?

6 MR. UPTON: Mr. Richardson is going to  
7 do it, so --

8 MR. RICHARDSON: I'm going try to, as  
9 best as I conceivably can, I've estimated about an hour at  
10 least, when I kind of did a test drive on my own. I  
11 probably can speed it up.

12 CHAIRMAN GETZ: Okay. Well, let's take  
13 ten minutes then.

14 (Recess taken at 4:08 p.m. and the  
15 hearing reconvened at 4:22 p.m.)

16 CHAIRMAN GETZ: Mr. Richardson.

17 MR. RICHARDSON: Thank you,  
18 Commissioner.

19 (Whereupon Philip G. Ashcroft, Paul F.  
20 Noran, Alyson Willans & Stephen  
21 Siegfried were recalled to the stand,  
22 having been previously sworn in.)

23 CHAIRMAN GETZ: And, I'll remind the  
24 panel that you're still under oath from the other day.

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 WITNESS ASHCROFT: Yes.

2 PHILIP G. ASHCROFT, PREVIOUSLY SWORN

3 PAUL F. NORAN, PREVIOUSLY SWORN

4 ALYSON WILLANS, PREVIOUSLY SWORN

5 STEPHEN SIEGFRIED, PREVIOUSLY SWORN

6 REDIRECT EXAMINATION

7 BY MR. RICHARDSON:

8 Q. Good afternoon.

9 A. (Ashcroft) Good afternoon.

10 A. (Noran) Good afternoon.

11 A. (Willans) Good afternoon.

12 A. (Siegfried) Good afternoon.

13 Q. On cross-examination, you were asked questions that  
14 emphasize your company's experience in wastewater  
15 systems and in water treatment plants, as opposed to  
16 water systems that were focussed exclusively on the  
17 three categories of a water plant that I characterize  
18 as source of supply, treatment, and distribution. And,  
19 I understand that the inference was that Veolia's  
20 experience doing that entire operation was "limited".  
21 Do you -- How do you respond to that characterization?

22 A. (Ashcroft) Well, it's just simply not true. We have a  
23 lot of experience with water systems, water treatment.

24 Q. Make sure you speak louder, so everyone can hear you.

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[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 A. (Ashcroft) We have a lot of experience in water systems  
2 and water treatment.

3 Q. In fact, you responded to data requests as a panel that  
4 identified all the water systems in the United States  
5 that Veolia operates, didn't you? And, why don't we  
6 bring up Exhibit 1051, starting at Page 3. Is that  
7 correct?

8 A. (Ashcroft) That is correct, yes.

9 Q. Okay. I'd like to have you identify some of those  
10 documents for the Commission or some of those systems.

11 MR. CAMERINO: Objection, Mr. Chairman.  
12 This is exactly the kind of thing that I thought the  
13 Commission was trying to avoid. This is Veolia's  
14 discovery material that they could have included in their  
15 testimony if they chose to. It was not a surprise to them  
16 that I asked them to explain the projects that they put in  
17 their testimony. Now, Mr. Richardson is trying to  
18 supplement the testimony by listing additional projects  
19 that were provided in the discovery, but they chose not to  
20 put in their testimony. All I asked these witnesses about  
21 was what was in their testimony.

22 CHAIRMAN GETZ: Mr. Richardson, your  
23 response?

24 MR. RICHARDSON: These were questions

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 that were -- we're responding directly to an issue that  
2 was raised on cross. It's my understanding that the  
3 Commission rules require that data responses be provided  
4 under oath. And, I think we've worked under the  
5 assumption that, when a witness supplements their  
6 testimony through a data response, that's permissible.  
7 This document has been marked since January. So, there  
8 shouldn't be any surprise that this information was out  
9 there and that Nashua intended to use it.

10 CHAIRMAN GETZ: Wait a second.

11 (Chairman and Commissioners conferring.)

12 CHAIRMAN GETZ: Well, Mr. Camerino, you  
13 were going to say?

14 MR. CAMERINO: Very briefly. First of  
15 all, there is no practice of supplementing your prefiled  
16 testimony with responses to data requests. If a proponent  
17 wants to put in their responses to data requests, they  
18 just put it in their testimony. They don't do it through  
19 their redirect examination. And, secondly, my direct  
20 examination was limited to what was in the testimony.  
21 And, now that testimony is being supplemented with  
22 listings of additional projects.

23 CHAIRMAN GETZ: But your  
24 cross-examination raised the issue of making the

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 distinction between their experience with wastewater  
2 versus water distribution systems.

3 MR. CAMERINO: On the very projects that  
4 they chose to identify. If I have now got to go through  
5 this list of projects and look at what they are and where  
6 they are and what their size is, in fact, because of  
7 concerns about cumulative nature of examination, I  
8 specifically avoided going through all of the 400 projects  
9 that these witnesses had identified, and limited it to the  
10 25 or so that they put in their testimony. And, I don't  
11 think it's appropriate for the Commission to allow these  
12 witnesses to supplement their testimony, which  
13 Mr. Richardson has referred to several times, supplement  
14 their own testimony with responses that they had,  
15 information they had available all along.

16 CHAIRMAN GETZ: Well, I guess I don't  
17 characterize this as "supplementing their testimony".  
18 And, in the absence of any cross-examination, then they  
19 certainly wouldn't be allowed into the record. I think  
20 you raised the issue, opened the door on the response, and  
21 that this is a fair area to bring up in redirect, to  
22 address the issue that you've raised on cross-examination.  
23 So, we're going to allow this line of redirect.

24 MR. CAMERINO: Could I just ask one

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[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 clarification? And, this may be for Mr. Richardson,  
2 rather than the Bench, I'm not sure. Nashua, in marking  
3 these, their own responses to data requests, has marked,  
4 in many cases, 10, 20, 30, 40 responses as a package. So,  
5 when we see Exhibit 1051, there may be dozens of responses  
6 in this exhibit. I understand this, the exhibit here that  
7 is being discussed, to be potentially just a portion of  
8 Exhibit 1051, and that the Commission is not suddenly  
9 opening the door to the rest of this stack of documents  
10 that may be in there?

11 CHAIRMAN GETZ: Well, yes, we're not  
12 bringing in whatever Exhibit 1051 may be en masse. If  
13 you're going to use a specific document to support your  
14 redirect, then, or a specific answer, then we're going to  
15 make sure that we're doing it by the particular document  
16 or piece evidence, and not whatever may be in this, in a  
17 larger document.

18 MR. RICHARDSON: I believe my use of  
19 this exhibit is limited to the response to this particular  
20 data request.

21 CHAIRMAN GETZ: Well, let's just, if  
22 there's more of this, let's just be specific.

23 MR. RICHARDSON: Okay.

24 BY MR. RICHARDSON:

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[Witness panel: Ashcroft|Noran|Willans|Siegfried]

- 1 Q. Mr. Ashcroft or members of the panel, is it true that  
2 Veolia has a system that's shown on Page 4 of  
3 Exhibit 1051 that shows a system in Blackwell, in which  
4 Veolia operates the three components to the water  
5 system?
- 6 A. (Ashcroft) Yes, that's correct.
- 7 A. (Siegfried) Yes.
- 8 Q. And, how many customers in Blackwell, Oklahoma?
- 9 A. (Ashcroft) Eight thousand.
- 10 Q. And, what about Boonville, Indiana?
- 11 A. (Ashcroft) Yes, that's at 10,000.
- 12 Q. Crystal River, Florida?
- 13 A. (Ashcroft) Perhaps it would speed things up if Steve  
14 could read, he's closer than me, without blowing it up.
- 15 Q. Crystal River, Florida?
- 16 A. (Siegfried) I believe it's on the next page.
- 17 Q. Oh. I'm sorry. Page 5, yes.
- 18 A. (Siegfried) That's a full service contract with 3,449  
19 population.
- 20 Q. Demopolis, also on Page 5, Demopolis, Alabama?
- 21 A. (Siegfried) 8,800.
- 22 Q. Gladewater, Texas, on Page 6?
- 23 A. (Siegfried) 9,765.
- 24 Q. And, again, the three components, on Page 7, in

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 Hardinsburg, Kentucky?

2 A. (Siegfried) Again, a full service contract, with 10,000  
3 customers.

4 Q. Page 7, on Hindman, Kentucky?

5 A. (Siegfried) Hindman is 1,625, the population.

6 Q. Again, on Page 7, we see the Indianapolis system is  
7 among those listed, and how many customers -- excuse  
8 me, not "how many customers", --

9 A. (Siegfried) Population.

10 Q. I believe it's "population served" on all these.

11 A. (Siegfried) 1.1 million.

12 Q. Okay. In Albertville, Minnesota, on Page 8?

13 A. (Siegfried) 17,000.

14 Q. Jupiter Island, Florida, Page 8 again?

15 A. (Siegfried) 7,992.

16 Q. Kansas City -- or, Kames City, Texas?

17 A. (Siegfried) 3,000.

18 Q. Kenedy, Texas, on Page 9?

19 A. (Siegfried) 3,487.

20 Q. Okay. Maple Shade, New Jersey?

21 CHAIRMAN GETZ: Mr. Richardson, are you  
22 going to go through the whole list? Now, we're I think in  
23 the neighborhood of cumulative.

24 MR. RICHARDSON: I'll summarize this

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[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 line of questioning.

2 BY MR. RICHARDSON:

3 Q. Could I ask the panel, is it your understanding that  
4 Veolia serves a population of about 1.4 million with  
5 systems that provide -- in which you provide treatment,  
6 source of supply, and distribution?

7 A. (Ashcroft) Yes.

8 A. (Willans) Yes.

9 Q. And, the company's total population served in which you  
10 provide only one or two elements of that is  
11 approximately 2.4 million, I believe -- 2.2 million?

12 A. (Ashcroft) That is correct.

13 Q. Okay. So, are you -- what population does Pennichuck  
14 serve?

15 A. (Ashcroft) I think it's about 100,000.

16 Q. Okay. So, this would be approximately, in terms of  
17 number of population, either 22 times or 12 times,  
18 based on whether you looked at all three components or  
19 just, excuse me, or just part of a system?

20 A. (Ashcroft) Yes, that is correct.

21 Q. Now, are these systems -- obviously, they're not  
22 hydraulically connected to each other?

23 A. (Ashcroft) No. They can't be, no.

24 Q. Okay. So, in effect, are they like satellites? How

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 would you characterize them?

2 A. (Ashcroft) They're not connected hydraulically, and you  
3 could, yes, could characterize them as "satellites".

4 Q. So, do you see particular challenges and what  
5 challenges do you see with respect to operating the  
6 Pennichuck Water Works system, given that you already  
7 operate satellite systems throughout the United States?

8 A. (Ashcroft) De minimus. Could I talk about experience  
9 I've had outside the United States, in terms of --

10 MR. CAMERINO: Mr. Chairman, could we at  
11 least have the witnesses have a question pending when they  
12 offer up testimony?

13 BY MR. RICHARDSON:

14 Q. Mr. Ashcroft, could you talk about experience you've  
15 had outside of the United States?

16 CHAIRMAN GETZ: Well, with respect to?

17 MR. RICHARDSON: Water systems --

18 CHAIRMAN GETZ: Could you narrow that  
19 down to a subject matter?

20 MR. CAMERINO: Mr. Chairman, first of  
21 all, we were not allowed to conduct discovery about Veolia  
22 outside the United States. And, second of all, I didn't  
23 ask any questions about Veolia outside the United States.

24 MR. RICHARDSON: I'll withdraw the

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 question.

2 CHAIRMAN GETZ: To the extent there was  
3 one.

4 MR. RICHARDSON: Okay.

5 BY MR. RICHARDSON:

6 Q. So, how many years collectively do you have experience  
7 operating these types of systems? Why don't we start  
8 with you, Steve.

9 A. (Siegfried) I've operated water systems for 22 years,  
10 satellite systems, systems, large systems.

11 Q. Mr. Ashcroft?

12 A. (Ashcroft) Nine years.

13 Q. (Noran) Thirty-five years.

14 A. (Willans) Twenty-five years.

15 Q. Mr. Noran, I believe some of the systems you've  
16 operated actually relate to those we're looking at in  
17 this case?

18 A. (Noran) Yes. Consumers New Hampshire Water Company  
19 owned a core system, plus numerous satellite systems,  
20 and ended up being part of those systems that were  
21 acquired by Pennichuck.

22 Q. Now, there are, obviously, on cross-examination, an  
23 issue was raised with respect to the fact that a lot of  
24 these systems were contained in different operating

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1           LLCs, such as Indianapolis, Veolia Water - West. Does  
2           that present a challenge to you or how does that relate  
3           to the systems that you operate? Can you focus only on  
4           one LLC? Or, what resources does Veolia bring?

5    A.    (Ashcroft) We are divided into four LLCs, which we  
6           incorporate throughout the whole U.S. We have various  
7           work groups who will deal with specific issues, and I  
8           can call on resources from other parts of the U.S.  
9           Indeed, Mr. Willans is from another LLC, she's from  
10          Indianapolis.

11   Q.    And, so, presumably, you'd be able to draw upon those  
12          same resources in the operation of the Nashua  
13          satellites?

14   A.    (Ashcroft) Oh, absolutely, yes.

15   Q.    And, what benefits does that bring to customers, either  
16          in the core system or in some of the surrounding  
17          community water systems?

18   A.    (Ashcroft) Flexibility and expert knowledge.

19   A.    (Noran) I guess, as a specific example, three of the  
20          panel members here were involved in the transition of  
21          the Indianapolis project, Alyson, myself, and Philip.  
22          And, the three of us worked extensively for many months  
23          transitioning that project. And, it was a very  
24          successful transition.

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

- 1 A. (Siegfried) Other significant resources Veolia brings  
2 is training. I recently spent three weeks over in  
3 England on underground infrastructure training, looking  
4 at old pipes and testing old renovation of pipeline  
5 systems. Technology that's not used in the U.S. And,  
6 evaluation technology, which is very unusual on a U.S.  
7 basis, but in Europe and the U.K. is very common, far  
8 advanced to what we do.
- 9 Q. So, it's my understanding then that, while it may be  
10 suggested that the system would be run from afar by  
11 people in other places, say, for example, in France, in  
12 fact, there are benefits to bringing Pennichuck Water  
13 Works' customers [employees?], assuming you assume some  
14 of those, to other places for additional training?
- 15 A. (Siegfried) Big advantage to that, and I will be the  
16 project manager, and I will be located in southern New  
17 Hampshire, in one of the surrounding communities or in  
18 Nashua itself. So, it's not going to be managed from  
19 afar. It's going to be managed from right here.
- 20 Q. Now, Mr. Ashcroft, you were asked about a scenario in  
21 which no Pennichuck Water Works employees would be  
22 willing or were instructed not to come aboard the  
23 Veolia team. Do you see that scenario as likely to  
24 occur?

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 A. (Ashcroft) I see it as unlikely, given the number of  
2 employees in Pennichuck and the jobs available in New  
3 Hampshire.

4 Q. And, why is that?

5 A. (Ashcroft) I'm sorry. Could you clarify that question?

6 Q. Why do you see that scenario as unlikely to play out?  
7 I mean, what does working for Veolia offer a Pennichuck  
8 Water Works employee?

9 A. (Ashcroft) Oh. We have wider scope, we have more  
10 opportunities to advance. We have wider training, as  
11 Steve has said. We expose people to technologies and  
12 processes internationally. And, of course, employment  
13 opportunities internationally.

14 Q. Now, let's assume for a second that that scenario takes  
15 place. I'd like to have you look at a section of your  
16 testimony that's in Exhibit 1005, on Page 2. When that  
17 comes up, it will be the paragraph starting underneath  
18 "What is VWNA?" And, just for the purposes of moving  
19 things quickly, I'll represent to you that this  
20 response says that you have 55,000 employees  
21 internationally, 3,000 --

22 MR. CAMERINO: Mr. Chairman, again, this  
23 is Nashua's attempt to simply restate their direct case or  
24 add to it. If there's something very specific in the

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[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 cross-examination that was new or different, that's one  
2 thing. But, if they just felt that Pennichuck responded  
3 to things they had already said, I don't think they get to  
4 restate their direct case on redirect, or we'll be here  
5 for days.

6 MR. RICHARDSON: Well, a scenario was  
7 raised by Mr. Camerino on cross-examination, in which he  
8 indicated that, "if there were no Pennichuck Water Works  
9 employees that went to Veolia, Veolia would be unable to  
10 seamlessly operate the system." And, what I'd like to  
11 show the Commission is that Veolia has the resources to,  
12 even in that highly unlikely scenario, adequately operate  
13 the system without a single -- single hiccup.

14 MR. CAMERINO: First of all, that was  
15 not the scenario that I painted. And, second of all, I  
16 remember, to my dismay, that when I tried to get  
17 Mr. Ashcroft to respond to some of my questions, he went  
18 on at great length about how Veolia would handle that  
19 situation. That he wouldn't expect it to occur. Why he  
20 couldn't expect it to -- wouldn't expect it to occur. I  
21 don't think he now has to give that answer again.

22 CHAIRMAN GETZ: Well, my recollection is  
23 that you did raise two pieces at issue. One was, "is  
24 there a likelihood of a loss of all of the employees?"

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 Which I think it's fair for him to -- for Mr. Richardson  
2 to inquire why he thinks that would not be the case, if  
3 that is indeed what he thinks. Or, in the event, we have  
4 the other side of that coin, is that, "if indeed that  
5 event occurred, that all of the employees -- a good number  
6 or all the employees left, how would they respond?"

7 MR. CAMERINO: Okay.

8 CHAIRMAN GETZ: I think that's, you  
9 know, a fair inquiry for redirect. So, proceed,  
10 Mr. Richardson.

11 BY MR. RICHARDSON:

12 Q. Well, in light of the response that's highlighted here,  
13 Mr. Ashcroft, let me ask a follow-up question. What's  
14 your understanding of how many Pennichuck Water Works  
15 employees there are?

16 A. (Ashcroft) I think, associated with this system, about  
17 40.

18 Q. Do any of --

19 A. (Ashcroft) In the whole corporation, there's about 100.

20 A. (Noran) If I might? I think that Mr. Ware's testimony  
21 indicated that there were 67 FTEs related to PWW.

22 Q. And, how many of Pennichuck's overall employees are  
23 administrative? In say, for example, accounting or  
24 payroll or those types of functions?

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[Witness panel: Ashcroft|Noran|Willans|Siegfried]

- 1 A. (Siegfried) Approximately 65 are non-union -- or, 55  
2 are non-union.
- 3 Q. Okay. So, in light of those numbers, do you have any  
4 reason to believe that Veolia Water could not, from day  
5 one, operate the system in full compliance with  
6 regulations?
- 7 A. (Ashcroft) I'm absolutely confident we could discharge  
8 that responsibility.
- 9 Q. What about the contractual commitments that you've  
10 made, in the contract with Nashua and Veolia?
- 11 A. (Ashcroft) We've made those commitments, and we will  
12 deliver on them.
- 13 Q. Okay. And, customer service, would that suffer?
- 14 A. (Ashcroft) No.
- 15 Q. There was a scenario involving strikes that were --  
16 that were threatened, I believe, in one document. I've  
17 forgotten the number of it. But you described, Mr.  
18 Chairman, a ritual dance that you performed -- that  
19 the, excuse me, the labor unions performed. Are you  
20 aware, during your tenure with Veolia Water, there's  
21 ever been a strike in a water or wastewater system?
- 22 A. (Ashcroft) No, I am not.
- 23 Q. Okay.
- 24 A. (Ashcroft) I've never heard of one.

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 Q. And, has any system that Veolia operates, to your  
2 knowledge, or any other members of the panel, failed to  
3 meet its contractual, legal, or other requirements  
4 based upon a labor stoppage?

5 A. (Ashcroft) No.

6 Q. What would happen if Veolia were to simply concede to  
7 labor demands every time there was a press release  
8 threatening a labor stoppage, a strike?

9 A. (Ashcroft) Well, our costs would go up very  
10 considerably.

11 Q. And, if you were a regulated utility, what would happen  
12 to those costs?

13 A. (Ashcroft) I believe, in the regulated model, it would  
14 be passed onto the customers.

15 Q. Now, I'm going to change gears, and let's talk about  
16 the Veolia contract for a little bit. You were asked  
17 if the contract was binding or not, and there was a  
18 Pennichuck Exhibit Number 3054, looking at Page 2,  
19 Paragraph 1. And, you were asked whether the contract  
20 was a draft. And, I'd like to ask you, in light of  
21 that provision, Paragraph Number 1 please, could you  
22 read that paragraph for me?

23 A. (Ashcroft) "Definitive agreements: The parties agree  
24 to use good faith efforts to enter into definitive

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 agreements ("Definitive Agreements") containing terms  
2 and conditions mutually agreeable to the Parties and  
3 substantially similar to the terms and conditions set  
4 forth in the Service Agreement within twelve weeks of a  
5 final order (including all appeals) in the PUC  
6 proceedings authorizing the taking by eminent domain of  
7 the Managed Assets."

8 Q. Okay. So, in light of the memorandum of understanding  
9 that you've just read in that particular provision,  
10 what's your understanding of Veolia's obligation to  
11 enter into a contract, similar to that that we've  
12 proposed to the PUC?

13 A. (Ashcroft) Well, I think that's what this says here,  
14 that we will -- we will do that.

15 Q. Now, another contractual issue, this is involving  
16 Exhibit 1000B, on Page 55, subparagraph (b), there were  
17 questions about whether Veolia would provide  
18 reliability centered maintenance. Could a member of  
19 the panel address what's referenced in that first  
20 paragraph underneath the subparagraph (b)?

21 A. (Noran) As part of our base proposal, Veolia will  
22 provide reliability centered maintenance.

23 Q. Well, could you explain, could you read for me that  
24 paragraph that's contained there?

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

- 1 A. (Noran) "The objective of the maintenance portion of  
2 the OM&M plan is to maintain the Managed Assets  
3 operability, durability, and reliability throughout its  
4 projected functional life. Consequently, the  
5 maintenance plan shall describe how VVNA shall:"
- 6 Q. And, then, now, so is it -- my understanding correct  
7 that certain elements of reliability centered  
8 maintenance are essentially contained in these  
9 commitments here?
- 10 A. (Noran) Yes, I just said that Veolia will provide  
11 reliability centered maintenance as part of its base  
12 fee in this contract.
- 13 Q. And, let me ask you about a particular -- well, how do  
14 you achieve that? What are some of the tools that you  
15 use?
- 16 A. (Noran) One of the major tools we use is a  
17 comprehensive maintenance management system, commonly  
18 called "CMMS". And, in this case, our intent is to  
19 build on what Pennichuck is using. And, Pennichuck is  
20 using Synergen to a limited extent. And, our intent  
21 would be to utilize that software program, but  
22 extensively expand the applications and take advantage  
23 of the capabilities of that program.
- 24 Q. I think you've anticipated my next question a little

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[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 bit, which is, --

2 MR. RICHARDSON: Could we -- There's a  
3 document I'd like the Commission to take administrative  
4 notice of. And, that's the testimony of Jayson LaFlamme,  
5 in DW 06-073. And, that's the PUC Staff audits of  
6 Pennichuck Water Works. It's dated February 23rd, 2007.

7 BY MR. RICHARDSON:

8 Q. Is it possible to bring up Page 42 of that document?

9 So, Page 42, not as it's written, but 42 of the actual  
10 electronic file.

11 CHAIRMAN GETZ: Mr. Richardson,  
12 Mr. Camerino hasn't made an objection on this point, but  
13 tell me why this is an appropriate area for redirect?

14 MR. RICHARDSON: There were questions  
15 about reliability centered maintenance. And, so, I'm  
16 basically trying to explain how Veolia will be providing  
17 reliability centered maintenance, and basically using a  
18 system that Pennichuck currently has, but effectively  
19 doesn't implement.

20 MR. CAMERINO: I have to tell you, Mr.  
21 Chairman, again, in terms of scope of redirect, they were  
22 well aware of this RCM issue when they filed their  
23 testimony. In fact, on direct, one of the members of the  
24 panel, who is no longer here, testified that "reliability

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 centered maintenance was not part of the contract." If  
2 that needed to be corrected, Mr. Ashcroft could have  
3 corrected it right then and there. And, we're going to be  
4 here a long time on recross with things that these  
5 witnesses are saying that are inconsistent with the prior  
6 testimony. So, I really am concerned about expanding into  
7 things that could been dealt with in their filed  
8 testimony.

9 CHAIRMAN GETZ: Well, there's --

10 MR. UPTON: I'm not aware that there is  
11 recross in this procedure.

12 MR. CAMERINO: There certainly is when  
13 counsel goes into new matters, and this is inconsistent  
14 with the witness's prior testimony.

15 MR. UPTON: It's not inconsistent. It's  
16 completely within the scope.

17 CHAIRMAN GETZ: Well, you both have  
18 opinions on whether there will be recross or not. But  
19 we'll decide whether there's recross. Mr. Richardson, --

20 MR. RICHARDSON: I only have one or two  
21 questions related to this document. I'll be very brief.

22 CHAIRMAN GETZ: With respect to the --

23 MR. RICHARDSON: With respect to the  
24 Staff audit by Mr. LaFlamme.

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 CHAIRMAN GETZ: Okay. Well, let's hear  
2 the question.

3 MR. RICHARDSON: Okay.

4 BY MR. RICHARDSON:

5 Q. Could you -- Mr. Noran, you explained a little bit your  
6 understanding about Pennichuck's use of Synergen.  
7 Could you read to me the paragraph, second paragraph  
8 under the "issue" section, describing Pennichuck's use  
9 of that system currently?

10 A. (Noran) The work order summarizes" -- "summaries are  
11 part of the Synergen system. But, as in the prior  
12 audit, do not reflect the information in a manner that  
13 is useful. For example, the Synergen work order  
14 summaries "quantity" column is not used for actual  
15 quantity of the listed description for any line, except  
16 labor hours. The column "unit cost" reflects one  
17 dollar for all items, except labor hours, which reflect  
18 zero dollars. The transaction date does not appear to  
19 be used."

20 Q. Now. It's my understanding, in fact, it's referenced  
21 further down on this page, that Pennichuck has spent  
22 \$600,000 on this system. And, it states here that "the  
23 system does not appear to be used and useful to the  
24 extent reported or anticipated." Could you tell me how

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 Veolia uses this system to provide reliability centered  
2 maintenance? And, how it will do that under the Nashua  
3 contract?

4 A. (Noran) We will use the Synergen as a tool to develop  
5 our maintenance plan. We will utilize Synergen to  
6 execute our maintenance plan. And, we'll use Synergen  
7 to help us analyze the maintenance that has been  
8 performed, as well as the cost associated with that  
9 maintenance.

10 Q. Now, obviously, Pennichuck's doing the best that it can  
11 with the limited resources that it has. But, if this  
12 were a Veolia operation, and the system was, after  
13 spending \$600,000, the system wasn't used and useful,  
14 what would happen within the Company?

15 A. (Ashcroft) There would be a major inquiry into why the  
16 money had been spent and not utilized.

17 Q. Now, would you consider this type of situation  
18 consistent with your commitment to provide maintenance  
19 that we saw earlier in the contract under that  
20 subparagraph (b)?

21 A. (Ashcroft) Could you rephrase it? I don't understand  
22 what you mean by the question.

23 Q. Well, we all know that commitments can be made in a  
24 contract. If this scenario were to play itself out

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 under the Nashua contract, would you consider yourself  
2 in compliance?

3 A. (Ashcroft) Oh, obviously not. And, I'm sure R.W. Beck  
4 RFP would be all over that, the oversight contractor.

5 Q. Now, what impact can failure to implement CMMS have on  
6 maintenance? There was testimony that a lot of your  
7 maintenance that you performed will be -- I believe the  
8 phrase was "all extra" that Mr. Camerino used.

9 MR. CAMERINO: Mr. Chairman, first of  
10 all, he's characterizing incorrectly again what the  
11 question and the response were. But he's also just --  
12 this is just expansive redirect on anything that he feels  
13 like talking about. Obviously, I asked these witnesses  
14 many things about OM&M, about RRRM, about the different  
15 elements in the contract. But I think the question should  
16 be limited to very specific points, not to the fact that I  
17 was inquiring about the contract or the services  
18 generally. Once you start down that road, everything is  
19 fair game.

20 MR. RICHARDSON: Well, Mr. Chairman,  
21 I'll withdraw the question and rephrase it, in terms of  
22 this exhibit that the witnesses were asked about. It's  
23 really my intent to walk through the fundamental issue of  
24 those items have been described as "extras" that Nashua

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 would have to pay for. And, I'd like to ask the witness  
2 about how they intend to use Synergen to manage costs and  
3 keep those "extras", as they were, within a reasonable  
4 amount, and in a way that Pennichuck is unable to.

5 MR. CAMERINO: And, frankly, I didn't  
6 even know what Synergen was until we started down this  
7 line. I never asked any questions about it. And, the  
8 extras come right out of the contract. So, --

9 MR. RICHARDSON: And, apparently, no one  
10 at Pennichuck knows what Synergen is --

11 MR. CAMERINO: That is -- There has been  
12 no testimony on that point, and that is not a fair  
13 statement.

14 CHAIRMAN GETZ: Well, I think what -- of  
15 course, the issue here is that the redirect shouldn't be  
16 an opportunity to rehabilitate a witness with respect to  
17 any issue that had been raised in cross-examination. So,  
18 it should be certainly a more focussed or more directed  
19 examination. And, it should be limited to areas  
20 specifically addressed. And, I think you've done that  
21 with the wastewater versus the drinking water issue and  
22 the issue about, you know, the likelihood of loss of  
23 employees or how Veolia would deal with that. But I think  
24 we need to be more focussed on what a particular issue is,

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 rather than to, just in general, notions of "how would  
2 you, you know, manage a maintenance process?"

3 MR. RICHARDSON: Okay. I'll move on.

4 CHAIRMAN GETZ: And, let me point this  
5 out as well, and get back to the practice and the rule  
6 that we apply. And, the general rule of a party that  
7 opens a segment of a proceeding gets to close it, there  
8 will be the same opportunities on the normal practice  
9 that, for anyone who's putting on a witness, the  
10 expectation is that there will be direct, cross, and  
11 redirect. Anything past redirect is going to be up to the  
12 discretion of the Bench. But, once, if there are areas  
13 where we decide that you're into recross, well, then we're  
14 going to -- there's going to be another opportunity, for  
15 whoever put that witness on, to have the last shot at it.  
16 And, that's going to apply to every witness that comes  
17 forward in this case and to every lawyer who's sponsoring  
18 that witness.

19 MR. CAMERINO: I understand that, Mr.  
20 Chairman. But, just in terms of how much I object to  
21 Mr. Richardson's questioning, I need to be clear. There  
22 are already some areas, I could be specific right now,  
23 that he has gone into that are new or where there is  
24 inconsistent testimony. And, if there is not going to be

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 a right to question witnesses about those things, then I  
2 need to cut the questions off. I'll give you an example,  
3 and I don't mind tipping my hand. Mr. Noran has now  
4 talked about his experience managing satellite systems.  
5 There are some significant stories behind those satellite  
6 systems, and I think the Commission should hear what  
7 happened with those satellite systems under Consumers'  
8 ownership. That was not discussed on direct or  
9 cross-examination. That is extremely important  
10 information. So, and there are other topics like that  
11 that I think the Commission needs to know about. If  
12 Mr. Richardson wants to remake his case here or do it over  
13 again, I think there needs to be a right to address some  
14 those. And, I don't mind identifying all those issues  
15 before our people ask the questions.

16 MR. RICHARDSON: Well, Mr. Chairman,  
17 these were issues that were opened up because of specific  
18 questions about reliability centered maintenance, about  
19 how Pennichuck -- excuse me, about how Veolia performs its  
20 maintenance. And, probably the greatest single allegation  
21 in this case is that, you know, these extra costs on the  
22 right side are extras. And, I believe that, once the door  
23 is open there, I'm entitled to ask how Veolia will manage  
24 those. So that the issue that Mr. Camerino has raised,

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1 the Commission will have a sense of how that scenario will  
2 play itself out.

3 CHAIRMAN GETZ: Well, let me tell you,  
4 this is how we're going to proceed. Is we're going to  
5 have to deal with this, I guess, on issue by issue,  
6 whether we allow the redirect in the first instance. With  
7 respect to recross, that's not going to happen today. So,  
8 what we will have to do at some later date, and I guess  
9 I'm going to have to consider whether that will be orally  
10 or in writing, is entertain arguments on why you should  
11 have an opportunity for recross and as to what subjects.

12 MR. CAMERINO: Very good. And, I  
13 understand that, Mr. Chairman. I just want to note, I  
14 want to refer you to an order you've issued in this case.

15 CHAIRMAN GETZ: Uh-huh.

16 MR. CAMERINO: And, I'm going to start  
17 by saying, this referred to rebuttal, and it's not clear  
18 to me whether you meant "rebuttal" or "redirect" when you  
19 wrote this. But I think the concept is the same. In  
20 Order Number 24,667 you said "At hearing, parties can  
21 expect us to require Nashua to take advantage of its role  
22 defined by PUC 203.06 and 203.26 to make its case in chief  
23 via direct testimony. Confining rebuttal testimony to  
24 issues raised by opposing parties, including Commission

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 staff as appropriate, that Nashua could not reasonably  
2 have been expected to anticipate. The Commission will not  
3 countenance a party's intent to present its entire case  
4 via rebuttal."

5 And, I think the refrain you've heard  
6 from before the first filing of testimony by Nashua, in  
7 the very first prehearing conference in this case was the  
8 Company's concern that Nashua was continually expanding,  
9 changing, updating its case. And, that continues to  
10 happen here. And, the issues that we raised on  
11 cross-examination were all anticipable. There was nothing  
12 new. And, for Nashua to come back on redirect and just  
13 try to restate its position, I think is not appropriate.

14 MR. UPTON: What Mr. Camerino is  
15 attempting to do right now is to open the door on his  
16 cross-examination to whatever areas he chooses to open the  
17 door to, and then prevent us from going back and having  
18 the witnesses explain what their answers are and explain  
19 our side of those answers. That's inappropriate. That's  
20 what the purpose of redirect is.

21 CHAIRMAN GETZ: Well, I'm not sure about  
22 that issue. But I do think, Mr. Camerino, is the  
23 difference between rebuttal testimony and redirect  
24 examination. What we're doing here is with redirect, and

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 I believe what's the proper scope of redirect. And, I  
2 certainly don't look at this as rebuttal testimony. But  
3 --

4 MR. RICHARDSON: I think I've agreed to  
5 move on to the last question. And, just for the  
6 Commission's benefit, I'm on Page 8 of 9 and a half. So,  
7 I don't have much further to go.

8 BY MR. RICHARDSON:

9 Q. I'd like to ask the panel, you were asked questions the  
10 day before yesterday about the costs for RR -- RRRM,  
11 maintenance and capital projects. And, I believe the  
12 transcript reflects that those were referred to as "all  
13 extras", those items that are shown on the right side  
14 of the board.

15 Now, in a regulated utility environment,  
16 what happens to those extras? Mr. Noran, do you have  
17 any experience in that area?

18 A. (Noran) Yes. Our RRRM projects were either all within  
19 the OM&M or within capital. And, whether it's O&M or  
20 capital, those costs are ultimately borne by the  
21 ratepayers.

22 Q. And, those, if those projects are capital, that would  
23 include a profit as well, I believe that was an issue  
24 that was asked with respect to Veolia?

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

- 1 A. (Noran) Yes. Any costs associated with a capital  
2 project would be incorporated into capital project  
3 costs, including engineering costs. And, that would be  
4 -- that total project cost would be supported by the  
5 ratepayers.
- 6 Q. Now, how will Veolia, as a company, prevent those extra  
7 costs on the right side, the supplemental, and, in  
8 particular, the capital projects, I guess, from  
9 becoming out of control from exceeding budget  
10 expectations and that sort of thing?
- 11 A. (Noran) Our plan is to develop a detailed RRRM plan and  
12 a capital plan by projects and scope. And, if those  
13 projects are approved, for a certain estimated cost,  
14 our intent is to deliver those projects within that  
15 budget.
- 16 Q. And, with respect to capital budgets, do you structure  
17 your capital projects as open-ended, as fixed price?  
18 How does Veolia manage that as a company?
- 19 A. (Ashcroft) We quote a price and we deliver on that  
20 price.
- 21 Q. I'd like to turn your attention to a document that was  
22 also in the 06-073 rate case, and that involves --  
23 well, you're familiar with the treatment plant from  
24 reviewing that document? This was Don Ware's

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1 testimony.

2 A. (Noran) Yes.

3 Q. And, it's my understanding that Mr. Ware has testified  
4 that the project was --

5 MR. CAMERINO: Objection again. There's  
6 nothing about the water treatment plant in the  
7 cross-examination. There was nothing about anything that  
8 Mr. Ware said.

9 MR. RICHARDSON: I'm not asking really  
10 about the water treatment plant as a treatment plant, just  
11 as a capital project, and to compare Veolia's management  
12 of the extra costs to how a regulated utility might treat  
13 those costs, and the impact that that has on ratepayers.

14 MR. CAMERINO: No, he's trying to get an  
15 exhibit in that he didn't put in on direct examination.  
16 He's about to ask about something from another case.

17 MR. RICHARDSON: Well, Mr. Camerino has  
18 already asked the Commission to take administrative notice  
19 of documents from other proceedings in the Commission.

20 MR. UPTON: We don't care about having  
21 this exhibit marked. We just want to show it to the  
22 witness.

23 MR. CAMERINO: He's trying to add  
24 information that he could have put in on direct.

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1                   MR. RICHARDSON:  When Mr. Camerino  
2                   decided to walk down the road of claiming that Veolia was  
3                   going to charge Nashua customers and the customers of this  
4                   system, whether they're in Nashua or other communities,  
5                   for capital projects and RRRM RFP projects, that merely  
6                   opens up the door to whether those -- whether customers  
7                   are currently paying for those projects.  And, I believe  
8                   that they are.  And, I believe that we're entitled to show  
9                   that, you know, that Veolia has a system for managing  
10                  capital costs that will ensure those costs are reasonable  
11                  that customers currently don't have.

12                  CHAIRMAN GETZ:  So, this is how I  
13                  understand it, is that these -- well, let's get back to  
14                  you, Mr. Camerino.  Your issue with respect to these extra  
15                  costs is that Mr. Richardson cannot further inquire with  
16                  respect to the way Veolia would manage those costs, is  
17                  that --

18                  MR. CAMERINO:  It is the expansive  
19                  nature of the questions that he's asking.  All right?  So,  
20                  let me just give a very sort of simple example.  The  
21                  contract was in evidence.  The contract talks about the  
22                  capital projects will be extra.  They had an opportunity  
23                  on direct to discuss how those would be handled.  It's not  
24                  surprising that, on cross-examination, I would say "the

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1 contract has capital projects in it as a separate item.  
2 These are extra, aren't they? And, you will charge a  
3 profit on that, won't you?" "Yes". To have him now come  
4 back and take the whole subject over again, even though it  
5 was obvious that that needed explanation, number one, I  
6 think is wrong because it's just opening the door to a lot  
7 more testimony on the subject. But, second of all, he  
8 wants to take a very specific Pennichuck project now and  
9 start asking about that, which, frankly, I'm sure we have  
10 a response to. I'd like to get Mr. Ware on the stand and  
11 have him talk about his response to what Mr. Richardson is  
12 about to say. I think that's creating a whole case within  
13 a case. That's why we prefile stuff.

14 CHAIRMAN GETZ: I think we're getting a  
15 little far afield with the introduction of these documents  
16 from Mr. Ware in this other case, Mr. Richardson.

17 MR. RICHARDSON: Can I respond to one  
18 thing that Mr. Camerino said? And, that is that it's not  
19 just that the costs are extras. I believe Mr. -- the  
20 point of Mr. Camerino's cross-examination is that they're  
21 essentially unknown. Well, I'd like to show the  
22 Commission that, when Pennichuck Water Works enters into a  
23 project, the costs aren't known as well. I mean,  
24 certainly, they're estimated. But, at the end of the day,

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 they might be 53 percent higher within a two year period  
2 than they were originally projected to be. And, that  
3 Veolia does it through its approach to project management,  
4 maintains the cost of how it basically gives customers  
5 known amounts for capital projects.

6 CHAIRMAN GETZ: And, now having made  
7 that argument, do you need further inquiry of the  
8 witnesses?

9 MR. RICHARDSON: Well, I'd like the  
10 Commission -- I'll make an offer of proof that, on Page 11  
11 of Mr. Ware's testimony, he states that "the capital  
12 projects is going up \$14 million in two years." And, I'd  
13 like --

14 CHAIRMAN GETZ: Well, I think you're  
15 going to have a chance to cross Mr. Ware on those issues.

16 MR. CAMERINO: Thank you.

17 CHAIRMAN GETZ: So, let's move on to  
18 your next topic of redirect.

19 MR. RICHARDSON: Could I ask a follow-up  
20 question, not with respect to this particular -- on this  
21 subject, but without reference to any exhibits from the  
22 other proceeding?

23 CHAIRMAN GETZ: Well, let's hear what it  
24 is.

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 MR. RICHARDSON: Okay. I'll be brief.

2 BY MR. RICHARDSON:

3 Q. Mr. Ashcroft, if Veolia came in with a capital project,  
4 and it was 53 percent higher than it had been proposed  
5 to the client before construction started, would you  
6 consider that a successful project and would you pass  
7 that cost onto the customer?

8 A. (Ashcroft) Certainly, it's not acceptable. When we bid  
9 for some design/build/operate contracts, which is our  
10 general modus operandi, we bid a price and we deliver  
11 on that price. If the costs go up, we have to absorb  
12 it. And, as for coming in at 53 percent over budget,  
13 we just wouldn't accept that. And, clearly, there  
14 would be some redirection of someone's career.

15 Q. Just a couple of clean-up issues on services that were  
16 included in the annual fee. I'll run through these  
17 quickly in the interest of time. Is it true that, on  
18 Page 11 of Exhibit 1005B, Section 6.3, states that  
19 "RRRM services", the budgeting process, is "included in  
20 the annual fee"?

21 A. (Noran) Yes.

22 Q. And, on capital projects, on Pages 15 to 16, Section A,  
23 the capital planning process and the preparation of a  
24 five year capital plan is included in the capital -- in

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 the annual fee?

2 A. (Noran) Yes.

3 Q. And, there was a question raised as to "whether  
4 computers were extra?" And, I believe on Page 95,  
5 towards the bottom, it discusses that five computers  
6 per year are provided as part of the annual fee?

7 A. (Noran) Yes.

8 Q. And, the contract, I believe on Page 58, requires that  
9 Veolia perform reports to regulatory agencies as part  
10 of the annual fee?

11 A. (Noran) Yes.

12 A. (Willans) Yes.

13 A. (Ashcroft) Yes.

14 Q. And, finally, with respect to prior approval required  
15 for maintenance projects over \$10,000, I believe  
16 approval is required?

17 A. (Noran) Yes.

18 Q. And, also, this was not touched on, but it was clearly  
19 germane to the question about prior authorization,  
20 authorizations required if you exceed the RRRM RFP  
21 budgets that's prepared and agreed upon by the City of  
22 Nashua, is that right?

23 A. (Noran) Yes.

24 Q. Finally, my last line of questioning relates to project

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1 -- excuse me, the questions that Mr. Camerino indicated  
2 he wanted to ask you about, the testimony of Donald  
3 Ware, and there were references to documents, such as  
4 -- well, there were allegations, I believe, in  
5 Bridgeport, Connecticut. Could you respond to those  
6 allegations?

7 A. (Ashcroft) Well, I think I touched on this earlier in  
8 the week. But Mr. Ware's testimony alluding to some  
9 wrongdoing by Veolia employees associated with, in  
10 fact, the mayor of Bridgeport, who I think was  
11 subsequently sent to jail. There was no involvement  
12 directly, there was no accusations ever made against  
13 Veolia employees. And, they were, in fact, commended  
14 for their cooperation with both the FBI and the  
15 District Attorney, who took the unusual step of writing  
16 a letter of commendation for cooperation from Veolia  
17 employees above and beyond that he had ever seen  
18 before.

19 Q. And, --

20 CHAIRMAN GETZ: Mr. Richardson, --

21 MR. RICHARDSON: I have about two more  
22 questions.

23 CHAIRMAN GETZ: Yes, but if this is -- I  
24 thought this was covered very broadly, and we have

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 documents in this regard. Do you have a specific question  
2 about this Bridgeport issue? Is that where you --

3 MR. RICHARDSON: No. No, my intent is  
4 to have the witness explain the basis for his disagreement  
5 with the characterization and the accusations that are  
6 made in the newspaper articles. You see a lot of  
7 complaints where only the complaint is included, not  
8 Veolia's answer, nor the final judgment. And, to simply  
9 -- I mean, this is a very important issue to this company.  
10 And, so, I feel it's important that they have the  
11 opportunity to tell the Commission that they disagree with  
12 the documents that Mr. Camerino indicated that he was  
13 going to not ask questions, but just make reference to  
14 them, so he can presumably talk about them in his brief.  
15 Well, if they're going to go in as exhibits, these  
16 witnesses are entitled to tell their side of the story.  
17 And, I'm not going to touch on more than one or two more  
18 of them.

19 CHAIRMAN GETZ: It really seems like  
20 we've covered this issue. He's had a chance to respond.  
21 And, if there are other documents that aren't --

22 MR. RICHARDSON: Okay.

23 CHAIRMAN GETZ: -- I assume there's  
24 plenty of court documents about this issue and plenty of

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 answers by the Company, that -- and that certainly you can  
2 put those in your brief as well.

3 MR. RICHARDSON: Okay.

4 CHAIRMAN GETZ: I mean, if there is some  
5 particular statement hanging out there that is, you know,  
6 that is putting the Company -- that's false or misleading  
7 and needs to be corrected, then I'll give you that  
8 opportunity.

9 MR. RICHARDSON: And, we've done quite a  
10 bit of that in our testimony, so I'll move on and ask a  
11 final question.

12 BY MR. RICHARDSON:

13 Q. Mr. Ashcroft, is there something that you believe is a  
14 better reflection of your company's performance record  
15 than these allegations? Is there a better measure to  
16 evaluate your Company's performance by?

17 A. (Ashcroft) Yes. Certainly, by the number of awards  
18 we've received across North America on various  
19 projects, from environmental agencies and OSHA, for  
20 example.

21 Q. And, in preparing to testify, did you look at some of  
22 those awards? Can you give some examples?

23 A. (Ashcroft) Yes, I can. Atlanta-Fulton County, Georgia,  
24 an Award of Excellence from the Georgia Department

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 Labor. And, also, Atlanta-Fulton County OSHA, Georgia  
2 Water, from Pollution Control Association. There are  
3 many others. Indianapolis Water, U.S. Conference of  
4 Mayors, Mayors Celebration of Diversity Award. It goes  
5 on for four, five or six awards there, I think.  
6 Wilmington, Delaware, which is actually part of the  
7 Northeast, U.S. Environmental Protection Agency Region  
8 3 Award. And, Atlanta-Fulton County again. Cranston,  
9 Rhode Island, an award for Narragansett Water from  
10 Pollution Control Association.

11 Q. Thank you. Mr. Ashcroft, if I can just interrupt you,  
12 because it's not my intention to walk you through all  
13 of them. But how many awards do you think are on your  
14 list? How long is the list?

15 A. (Ashcroft) The list I've got is 28 pages. So, there's  
16 a lot of it.

17 MR. RICHARDSON: Thank you.

18 CHAIRMAN GETZ: Okay. Mr. Camerino, I  
19 expect you would like some opportunity to argue for  
20 recross?

21 MR. CAMERINO: Well, here's where we  
22 stand. I conferred with Mr. Upton, this is to prove that  
23 I may be slow, but not stupid, we would like to reserve  
24 the right to do recross, but we agree that that, needless

[Witness panel: Ashcroft|Noran|Willans|Siegfried]

1 to say, would not be today. And, we'll confer later to  
2 see how the parties feel about that, if we could do that  
3 and just leave that as an open issue for today, and we'd  
4 get back to the Commission with our respective positions  
5 on it, and whether it's necessary. If that's acceptable?

6 CHAIRMAN GETZ: Well, that's acceptable.  
7 There's a slight characterization I wouldn't agree with,  
8 on whether you can "reserve your right to recross".

9 MR. CAMERINO: No, no. I didn't mean it  
10 that way. To make our argument to the Commission as to  
11 why that should occur. I apologize.

12 CHAIRMAN GETZ: Okay. That's fine.

13 MR. UPTON: If Mr. Camerino wants to  
14 make an argument why he's entitled to recross, we'll be  
15 happy to respond. But we agree it shouldn't happen today.

16 CHAIRMAN GETZ: All right. Then, is  
17 there anything else this afternoon?

18 (No verbal response)

19 CHAIRMAN GETZ: It's been a long week.  
20 I thank you for your attention. And, we will excuse the  
21 panel, pending the possibility that they may be recalled  
22 for recross-examination by the Company.

23 So, we will recess until Monday morning,  
24 at 9:00, is that correct?

{DW 04-048} (09-07-07/Day V)

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CMSR. MORRISON: Yes.

CHAIRMAN GETZ: Thank you.

(Whereupon the hearing was adjourned at  
5:18 p.m. and the hearing to reconvene  
on September 10, 2007, commencing at  
9:00 a.m.)

