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**I N D E X**

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BY THE TOWN OF LITCHFIELD BY:**

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**P R O C E E D I N G**

1  
2 CHAIRMAN IGNATIUS: I'd like to open the  
3 hearing in Docket DW 13-126. And, this is the Pennichuck  
4 East Utilities' permanent rate request. Pennichuck East  
5 serves approximately 7,000 customers in a number of  
6 locations in New Hampshire. And, on May 31st, 2013, the  
7 Company filed a proposed rate increase that would, if  
8 approved, result in an increase of \$591,500 in gross  
9 operating revenues, approximately a 9.97 percent increase,  
10 all for effect July 1st, 2013. The Company also asks for  
11 a step increase for plant additions placed in service  
12 during 2013, which would have a further 2.25 percent  
13 increase, if approved. And, the Company has asked for  
14 temporary rates set at 7 percent increase for effect  
15 July 1st.

16 Let's begin with appearances please.

17 MR. GETZ: Good morning, madam Chair,  
18 Commissioners. I'm Tom Getz, from the law firm of Devine,  
19 Millimet & Branch, on behalf of Pennichuck East Utilities.  
20 Also here this morning are the Company's CEO, John  
21 Patenaude; the Company's Chief Operating Officer, Don  
22 Ware; Larry Goodhue, the Chief Financial Officer; Charles  
23 Hoepper, the Director of Regulatory Affairs; and John  
24 Boisvert, the Chief Engineer for the Company.

1 CHAIRMAN IGNATIUS: Good morning.  
2 Welcome.

3 MS. HOLLENBERG: Good morning. Rorie  
4 Hollenberg and Stephen Eckberg here for the Office of  
5 Consumer Advocate.

6 CHAIRMAN IGNATIUS: Good morning.

7 MS. BROWN: Good morning, Commissioners.  
8 Marcia Brown, on behalf of Staff. And, with me today is  
9 Mark Naylor, Robyn Descoteau, and Attorney Mike Sheehan.

10 And, I'd also like to introduce, in the  
11 back, we have a customer who has not formally intervened,  
12 but he will be monitoring the process, if he would like to  
13 put his name on the record.

14 CHAIRMAN IGNATIUS: Good morning.  
15 Welcome. Sir, if you want to give us your name?

16 MR. PITRE: It's Bob Pitre. And, it's  
17 spelled P-i-t, as in "Tom", -r-e. And, I'm a customer of  
18 Pennichuck, in Londonderry.

19 CHAIRMAN IGNATIUS: Great. Thank you.  
20 I'm glad you're here. I know that we ordered publication  
21 of the order of notice, and I received the affidavit of  
22 publication. So, thank you. And, we're also aware of a  
23 request to intervene from the Town of Litchfield, which is  
24 a customer itself, and has many customers within its

1 boundaries. I don't see counsel for Litchfield here.

2 MR. GETZ: Madam Chair, I spoke to Ms.  
3 Spector-Morgan. Well, first of all, the Company doesn't  
4 object to the intervention by the City of Litchfield. Ms.  
5 Spector-Morgan indicated that the City would not be  
6 attending the prehearing conference today. She also  
7 indicated that, with respect to a procedural schedule,  
8 that was circulated among the parties, the City didn't  
9 object to what the parties will be discussing at the  
10 technical session.

11 CHAIRMAN IGNATIUS: All right. That's  
12 helpful. Thank you. We've reviewed the Motion to  
13 Intervene. Let me ask if there's any other responses from  
14 OCA or the Staff?

15 MS. HOLLENBERG: No objection. Thank  
16 you.

17 MS. BROWN: Staff does not object to the  
18 intervention request.

19 CHAIRMAN IGNATIUS: All right. And, we  
20 think it's appropriate. So, we will grant the request  
21 that Litchfield intervene, and we'll include that in an  
22 order to come.

23 I also note there's a motion for waiver  
24 of certain filing requirements that's not opposed by

1 anyone. And, as with the companion case that we indicated  
2 a couple of days ago, we think that that's appropriate  
3 being granted a motion to waive -- grant the waiver.

4 Then, why don't we turn to positions of  
5 the parties and your expectation of issues that will be  
6 raised during the course of the proceeding. Mr. Getz.

7 MR. GETZ: Thank you, madam Chair. Your  
8 opening remarks summarized the Company's position of the  
9 request for an increase in rates, along with a step  
10 increase, and increase in temporary rates. In addition to  
11 that, I think there's very little to set forth at this  
12 point.

13 But did want to talk about some of the  
14 outreach that the Company has undertaken. Especially with  
15 respect to the North Country customers, we've reached out  
16 to Locke Lake, Sunrise Estates, and Birch Hill, and  
17 offered to have meetings with them. A meeting has been  
18 scheduled Tuesday evening to meet with the Locke Lake  
19 Association. We haven't heard back yet from Sunrise  
20 Estates or Birch Hill. But, obviously, we'd like to meet  
21 with them to talk about the rate case.

22 We've also had some contact from the  
23 Forest Hills, it's a over 55 community in Londonderry, and  
24 offered to meet with them. At this point, they have

1 declined a meeting. But, in the event they would like to  
2 have a meeting with the Company, we're certainly prepared  
3 to do that.

4 And, I'll also note that the Company is  
5 appearing Monday night at the Plaistow Board of Selectmen  
6 to talk about the rate increases. Plaistow is one of  
7 those towns that has a few customers in Pennichuck East,  
8 as well as a number of customers in Pennichuck Water  
9 Works. So, we'll be meeting with them as well, and have  
10 made offers to all of the towns served by all three of the  
11 Pennichuck affiliates to meet with the Town officials.

12 CHAIRMAN IGNATIUS: Thank you.

13 Ms. Hollenberg?

14 MS. HOLLENBERG: Good morning. The OCA  
15 has no position on the filing at this time. But we do  
16 note that we appreciate the Company's efforts to reach out  
17 to customers. We were contacted by the Forest Hills -- a  
18 member of the Forest Hills community. And, I was pleased  
19 to know that the Company has made efforts to reach out to  
20 them and made themselves available to talk with them and  
21 other communities that will be impacted by the rate  
22 increases that are proposed.

23 CHAIRMAN IGNATIUS: Thank you. Ms.  
24 Brown.

1 MS. BROWN: Thank you, Commissioners.  
2 This is the first post acquisition rate case for PEU.  
3 And, if you recall, in Docket 11-026, there were some  
4 unusual accounting treatments, such as the CBFRR, which  
5 was a City Bond Fixed Revenue Requirement; there was a  
6 Rate Stabilization Fund; there was a item called a "MARA",  
7 which is a Municipal Acquisition Regulatory Asset and  
8 Related Accounting Treatment mechanism. These are unique.  
9 These are not usually found in our rate cases that Staff  
10 reviews. So, we will be taking particular -- or, paying  
11 particular attention to reviewing how those are working,  
12 whether the accounting is accurate, and will report on  
13 that as the proceeding progresses.

14 The usual approach for a rate case is  
15 for Staff to conduct a thorough investigation of the books  
16 and records that are either on file or produced through  
17 discovery and the filings in the docket. The Audit Staff  
18 will conduct a full audit of the Company's books and  
19 records. And, we would like to structure discovery so  
20 that at least the third round of discovery will be after  
21 parties have had a chance to look at that final audit.  
22 So, if there are any issues coming out of the final audit,  
23 they will be picked up in this proceeding and hopefully  
24 resolved.

1                   Staff and the parties have discussed a  
2 proposed procedural schedule in concept. Now that we've  
3 got the parties here, in the tech session following the  
4 prehearing, we hope to finalize that procedural schedule  
5 and expect to file that shortly with the Commission.  
6 Staff has no position on permanent rates or temporary  
7 rates at this time, and will offer its position as -- in  
8 the form of testimony or settlement agreement or similar  
9 document during the procedural schedule.

10                   Thank you very much.

11                   CHAIRMAN IGNATIUS: Thank you. All  
12 right. Anything further from anyone?

13                   MS. BROWN: Can I also add?

14                   CHAIRMAN IGNATIUS: Yes, please.

15                   MS. BROWN: That Staff usually takes the  
16 role that, if there are any customers who do not feel  
17 comfortable in formally intervening, that we still reach  
18 out to those folks, to make sure that they are aware of  
19 the process. So, we have one such customer today, and  
20 Staff will be contacting that person, just to make sure  
21 that their participation is as they wish, whether it's  
22 formal intervention or just monitoring. Thank you.

23                   CHAIRMAN IGNATIUS: I appreciate that.  
24 We've already received a couple of letters from customers

1 regarding the rate increase proposed. And, I think any  
2 time we can remind people they don't have to intervene to  
3 make their voices known. They can send in letters, they  
4 can send in e-mails to the Commission address, and they  
5 can come and make a public statement here. So, there's  
6 avenues to make your view known without going through the  
7 full intervention process. But you're limited, you can't  
8 cross-examine witnesses, you can't put on your own  
9 testimony. So, it's a little bit different. But there's  
10 still opportunities to be a participant.

11 All right. Unless there's anything  
12 further, we will await the report of the procedural  
13 schedule and watch for the next filings substantively.  
14 And, understand that the efforts to coordinate, I know  
15 you're looking for ways to coordinate scheduling the  
16 discovery, to the extent it's possible, among the three  
17 cases of the affiliates of Pennichuck Corporation. So,  
18 we'll await to see what comes of that, and close this  
19 hearing. Thank you.

20 **(Whereupon the prehearing conference**  
21 **ended at 10:22 a.m., and the Parties and**  
22 **Staff conducted a technical session**  
23 **thereafter.)**