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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

July 17, 2013 - 10:06 a.m.
Concord, New Hampshire

NHPUC AUG01 '13 AM 9:39

RE: DW 13-130
PENNICHUCK WATER WORKS, INC.:
Notice of Intent to File Rate Schedules.
(Prehearing conference)

PRESENT: Chairman Amy L. Ignatius, Presiding
Commissioner Michael D. Harrington
Clare Howard-Pike, Clerk

APPEARANCES: Reptg. Pennichuck Water Works, Inc.:
Thomas B. Getz, Esq. (Devine, Millimet...)
Reptg. Residential Ratepayers:
Rorie E. P. Hollenberg, Esq.
Office of Consumer Advocate
Reptg. PUC Staff:
Marcia A. Brown, Esq.
Mark Naylor, Director/Gas & Water Division
Robyn Descoteau, Gas & Water Division
Michael Sheehan, Esq.

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

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WAIVER OF CERTAIN FILING REQUIREMENTS BY:**

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P R O C E E D I N G

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2 CHAIRMAN IGNATIUS: Good morning. We'd
3 like to open the hearing in Docket DW 13-130, which is
4 Pennichuck Water Works' rate case. This was a filing made
5 on May 31st, 2013, PWW requested, with proposed tariff
6 pages, testimony and schedules, an increase in its annual
7 gross operating revenues of \$34,016, or a 0.12 percent
8 rate impact, effective July 1st, 2013, and using a
9 calendar year 2012 rate base. The Company also asked for
10 temporary rates, which is not the subject of this
11 morning's proceeding, but presumably will be scheduled
12 soon with a procedural schedule being developed.

13 So, let's begin first with appearances
14 please.

15 MR. GETZ: Good morning, madam Chair,
16 Commissioner Harrington. I'm Tom Getz, from the law firm
17 of Devine, Millimet & Branch, on behalf of Pennichuck
18 Water Works. Also here this morning from the Company, are
19 the Chief Executive Officer, John Patenaude; Charlie
20 Hoepper, the Director of Regulatory Affairs; John Boisvert
21 is the Chief Engineer; and Larry Goodhue is the Chief
22 Financial Officer; and Don Ware is the Chief Operating
23 Officer.

24 CHAIRMAN IGNATIUS: Good morning and

1 welcome.

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

4 CHAIRMAN IGNATIUS: Good morning.

5 MS. BROWN: Good morning, Commissioners.
6 Marcia Brown, on behalf of Staff. And, with me today,
7 scattered about the room, is Mark Naylor, the Director of
8 the Gas & Water Division; Jayson LaFlamme; Robyn
9 Descoteau; and Attorney Mike Sheehan. Thank you.

10 CHAIRMAN IGNATIUS: Good morning. And,
11 welcome, everyone. I appreciate everyone smooshing into
12 this room. We've got another proceeding in the afternoon
13 where we needed the room set up differently, and it was
14 easier to just go ahead and use this room. So, it's a
15 little tight. But, hopefully, for the tech session to
16 follow, you'll have adequate space and you can arrange the
17 tables as you need.

18 I understand there is a motion for a
19 waiver of some of the filing requirements that was
20 assented to by the Staff and the OCA, and the OCA had a
21 further explanation of its assent. Is there anything
22 further anyone wants to add to the filings? We've looked
23 at them, obviously.

24 MS. BROWN: Staff just wanted to add, we

1 were holding off also, in the event there were any
2 intervenors who objected to the waiver. And, the Staff is
3 not aware of anyone else, other than who is in the room
4 today, who wants to participate. So, Staff reaffirms its
5 request that the Commission approve the waiver.

6 CHAIRMAN IGNATIUS: All right. Thank
7 you.

8 MR. GETZ: Nothing to add, madam Chair.

9 CHAIRMAN IGNATIUS: Okay. We've looked
10 at it. And, we find it appropriate to grant the waiver.
11 So, we will do so.

12 Ms. Brown, as you noted, there don't
13 appear to be any intervenors here today. And, we've
14 received nothing in any written request to intervene. So,
15 there's nothing to take up on that issue this morning.
16 And, I'm not aware of any other motions that have been
17 filed. If there are, as we go through positions, address
18 those. But it looks like there aren't any. There's no
19 motion for confidentiality, for example?

20 MR. GETZ: Not at this point.

21 CHAIRMAN IGNATIUS: Okay. Then, why
22 don't we go ahead with initial positions, based on the
23 filing. Mr. Getz.

24 MR. GETZ: Thank you. One thing I would

1 point out is that the affidavit of publication was filed
2 by Mr. Hoepper last week.

3 And, in terms of a preliminary summary
4 of positions, the only thing I would add to the Chair's
5 opening remarks is that the request for temporary rates is
6 to make current rates temporary.

7 CHAIRMAN IGNATIUS: Thank you.

8 Ms. Hollenberg.

9 MS. HOLLENBERG: Thank you. The OCA
10 does not yet have a position on the filing. And, we are
11 willing and looking forward to working with the parties to
12 process the case for the Commissioners' review.

13 CHAIRMAN IGNATIUS: All right.

14 Ms. Brown.

15 MS. BROWN: Thank you. This is the
16 first full rate case for Pennichuck Water Works post the
17 City of Nashua's acquisition. And, this is the first
18 opportunity Staff will have to look at some of the unique
19 accounting treatment that came from Docket 11-026. If you
20 recall, the Commission approved in that docket a City Bond
21 Fixed Revenue Requirement, affectionately called "CBFRR";
22 a Rate Stabilization Fund; and a Municipal Acquisition
23 Regulatory Asset and Related Accounting Treatment, also
24 called "MARA", concept. So, this will be the first

1 opportunity that Staff has to take a look at those. We'll
2 be offering testimony through the procedural schedule on
3 those issues.

4 As with any other normal rate case,
5 Staff will conduct its usual thorough review of the
6 Company's books and records. Staff will conduct
7 discovery, and will participate in technical sessions with
8 the Company and other parties. Audit Staff will conduct a
9 full audit of the Company's financial documents. And,
10 Staff will also file with -- discuss in its prefiled
11 testimony issues such as the revenue requirement, rate
12 base, and other usual rate case issues.

13 Staff has worked with the Company on an
14 initial proposed procedural schedule. So, after this
15 prehearing, Staff expects to flesh that out more fully
16 with the Company and parties, and expects to file that
17 shortly with the Commission.

18 As the Company has requested temporary
19 rates as being existing rates, Staff has no position on
20 that. I guess the only implication of having temporary
21 rates is the reconciliation issue, once permanent rates
22 are set. But we can address that in our testimony on
23 permanent rates.

24 And, that concludes Staff's remarks.

1 CHAIRMAN IGNATIUS: Well, on temporary
2 rates, it was my expectation we would have a hearing on
3 temporary rates.

4 MS. BROWN: Uh-huh.

5 CHAIRMAN IGNATIUS: And, so, there isn't
6 any expectation that, by the filing of it, it just
7 automatically is a request for temporary rates without a
8 further hearing, is there?

9 MS. BROWN: And, if I can clarify. I
10 was talking about issues that would be in our testimony.
11 And, Staff does not expect to file any testimony on
12 temporary rates. We'll just -- usually, we will file
13 testimony in the permanent rate proceeding. And, there
14 aren't many issues raised with a permanent -- or, existing
15 rates as temporary rates. So, Staff is just going to wait
16 until the temporary rate hearing to offer any comment.

17 CHAIRMAN IGNATIUS: All right.

18 MS. BROWN: Thank you.

19 CHAIRMAN IGNATIUS: Thank you. One
20 thing I wondered about on the schedule, because the amount
21 requested in the increase is relatively small, is there an
22 opportunity for a much faster processing of this case than
23 we see in some? Ms. Brown, your comments about some of
24 these unusual regulatory structures being reviewed for the

1 first time suggest that maybe, even though the dollar
2 figures are small, the analysis may not be so limited?

3 MS. BROWN: I would agree with the
4 latter statement. There are -- this is a complex rate
5 case. I mean, it is a general rate case, and we're used
6 to processing or reviewing general rate cases. But,
7 because of the unique accounting treatments, we need --
8 Staff envisions needing time to look at that, and does not
9 envision having an accelerated schedule.

10 CHAIRMAN IGNATIUS: And, how much does
11 the review of the MARA and the Rate Stabilization Fund,
12 and the other thing that I didn't write fast enough to
13 get, how much does the review of that carry through to all
14 three of the cases that the Pennichuck -- related
15 Pennichuck companies have asked for? Because, if there's
16 a way we can ensure that it being done once and then sort
17 of carries into the others would be more efficient, we
18 ought to look for that kind of a mechanism.

19 MS. BROWN: All of those concepts -- if
20 I can speak to that? All of those concepts affect all of
21 the rate cases. So, we need to resolve those in
22 conjunction with each other. With the procedural
23 schedules for Pennichuck Water Works, Pittsfield Aqueduct
24 Company, Pennichuck East Utilities, they -- we are looking

1 at keeping them in synch with each other, is the best we
2 thought we could do. But, yes, if there are ways to be
3 efficient with the procedural schedule, because of issues
4 being resolved that are similar among the dockets, we'll
5 try to do that.

6 CHAIRMAN IGNATIUS: All right.

7 Mr. Getz, any thought on that? For example, you'd hate to
8 have discovery three times through on the same questions.
9 If there's some mechanism to move the answers into all
10 three dockets, without having to ask them three times,
11 would be a good idea.

12 MR. GETZ: Our expectation is, at least
13 with respect to temporary rates for Pennichuck Water
14 Works, you know, since we're just asking that current
15 rates be made temporary, that that could be, you know,
16 less resources expended on that. But I think Ms. Brown
17 has it correct that, since the non-traditional rate
18 regulation aspects of this case apply to all three
19 proceedings, it may be difficult to compress the three
20 cases, just because there's maybe less emphasis on
21 temporary rates for Pennichuck Water Works. But we're
22 certainly prepared to look at ways to make the three cases
23 proceed smoothly and efficiently. And, if there's a way
24 to compress things, we're certainly prepared to do that.

1 CHAIRMAN IGNATIUS: Ms. Brown.

2 MS. BROWN: The only comment, other
3 comment I wanted to offer is that I believe there's an
4 intervenor in the Pittsfield or Pennichuck East Utility.
5 So, while, you know, we may have common parties in one
6 proceeding, we can't have that discussion in one docket
7 and just presume everyone's in the know in the other
8 docket. So, with that, adhering to proper due process,
9 we'll need to make sure that we adhere to the schedule and
10 raise those issues with the intervenors, too.

11 CHAIRMAN IGNATIUS: That's a good point.
12 And, obviously, we don't want to cut anyone out of the
13 process. But, to the extent it's possible for common
14 discovery to be shared to all three cases, and not require
15 them to be done separately, would make sense. Obviously,
16 there's going to be company-specific issues that you have
17 to delve into in each separate docket. So, I'm not
18 suggesting you combine all three dockets into one big
19 super docket.

20 But I guess that will be the challenge.
21 We'll look at how to make it as efficient as we can and
22 still protect everyone's opportunity to speak to the
23 issues that are relevant to their particular case.

24 Anything else?

1 MR. GETZ: Nothing from the Company.

2 CHAIRMAN IGNATIUS: Seeing nothing, all
3 right. Then, I appreciate everyone being here, and hope
4 that the tech session is useful. We'll await a procedural
5 schedule. And, well, unless there's anything else, we
6 will take all of that, await the filing of the schedule,
7 and adjourn for now. Thank you.

8 **(Whereupon the prehearing conference**
9 **ended at 10:18 a.m., and the Parties and**
10 **Staff conducted a technical session**
11 **thereafter.)**

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