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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

May 26, 2016 - 10:07 a.m.
Concord, New Hampshire

NHPUC JUN17'16 AM11:00

RE DW 16-257
BOW LAKES ESTATES WATER WORKS:
Request for Show Cause.

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

Sandy Deno, Clerk

APPEARANCES: Reptg. Bow Lakes Estates Water Works:
Stanley H. Oliver, President

Reptg. PUC Staff:
John S. Clifford, Esq.
Mark A. Naylor, Dir./Gas & Water Div.

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

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STANLEY H. OLIVER

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| 3 | Affidavit of Mailing by Stanley H. Oliver (05-20-16) | premarked |
| 4 | 2013 Annual Report of Bow Lakes Estates Water Works, Inc. | premarked |
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| 6 | 2015 Annual Report of Bow Lakes Estates Water Works, Inc. | premarked |

P R O C E E D I N G

1
2 CHAIRMAN HONIGBERG: Good morning,
3 everyone. We're here this morning in Docket DW
4 16-257, which is Bow Lakes Estates Water Works.
5 We have two Orders of Notice that are on for us
6 this morning, one has to do with the filing of
7 annual reports, the other has to do with
8 failure to provide notice, and a possible fine
9 for that related to the first.

10 Before we do anything else, let's
11 take appearances.

12 MR. OLIVER: I'm Stan Oliver, from
13 Bow Lake Estates Water.

14 MR. CLIFFORD: Good afternoon,
15 Commissioners. John Clifford, on behalf of
16 Commission Staff. With me at counsel's table
17 is Mark Naylor, Director of the Commission's
18 Gas and Water Division.

19 CHAIRMAN HONIGBERG: We appear to
20 have some members of the public here who wish
21 to provide comments. Mr. Clifford, is my
22 understanding correct?

23 MR. CLIFFORD: That's correct,
24 Commissioner.

1 CHAIRMAN HONIGBERG: Is it your
2 understanding that the comments are related to
3 the Orders of Notice that we have pending?

4 MR. CLIFFORD: I understand the
5 comments are related in general to this water
6 system in the proceeding that's before the
7 Commission, but not in particular to the
8 notice.

9 In fact, there's one housekeeping
10 matter we have to take care of. I was just
11 handed an affidavit of mailing about five
12 minutes before this proceeding started. So, I
13 would like to substitute there's Exhibit 3 of
14 premarked exhibits, and I'd like to substitute
15 these three for the Exhibit 3 that you have
16 before you.

17 You'll see there was an e-mail, which
18 I plan on introducing as "Exhibit 3", but we
19 now have an actual affidavit of mailing.

20 CHAIRMAN HONIGBERG: Oh. So, you
21 have the original of what is in the e-mail?

22 MR. CLIFFORD: Correct.

23 CHAIRMAN HONIGBERG: Okay.

24 MR. CLIFFORD: We just received that

1 about five minutes ago.

2 CHAIRMAN HONIGBERG: All right.

3 MR. CLIFFORD: So, if I can approach?

4 CHAIRMAN HONIGBERG: Sure.

5 MR. CLIFFORD: This is going to be a
6 new 3.

7 CHAIRMAN HONIGBERG: All right. In
8 the normal course, we would generally have the
9 public comment go first. Mr. Clifford, is that
10 how you think we should proceed here? Or do
11 you -- what I'm wondering is whether there
12 might be a benefit to the member of the public
13 to hear what's going on first before they
14 comment?

15 MR. CLIFFORD: Sure. I could
16 understand that. And why don't we do that, and
17 then I have a series of exhibits that I
18 actually want to introduce and get into the
19 record, with the understanding that we want to
20 make a record today of what the Commission does
21 and the rationale behind it.

22 But, sure, let's open that up to the
23 --

24 CHAIRMAN HONIGBERG: My inclination

1 is to have you and the Company proceed, and
2 have at least part of what needs to go on,
3 because I think that may help the people who
4 are here and want to comment, maybe focus their
5 comments on why we're here. And I see some
6 nodding heads back there, so that's an
7 encouraging sign.

8 So, Mr. Clifford, how would you
9 propose we go from here then?

10 MR. CLIFFORD: Okay. Then, I'd at
11 least like to put Mr. Naylor on the stand, if I
12 may.

13 Just briefly, before we do so, I will
14 just say we're here on a show cause hearing in
15 Order Number 25,885. That Order is dated April
16 22nd. The Order that Bow Lake to show cause
17 why it failed to file its annual reports
18 pursuant to RSA 374:15 and PUC Administrative
19 Rule 609.04.

20 Just for the benefit of everyone
21 here, RSA 374:15 requires utilities to file
22 reports as required by the Commission;
23 609.04(a) is the administrative rule that
24 requires the water utilities to maintain their

1 books on a calendar basis, such as Bow Lake
2 here, file a report on what's called a Water
3 Form F-16 with the Commission, and that covers,
4 by March 31st, for the preceding year.

5 And, of course, there are penalties
6 for failure to file these reports as required,
7 and for failure to follow Commissioner orders.
8 RSA 374:17 provides that the Commission can
9 fine a utility \$100 per day for every day that
10 it's in default. New Hampshire RSA 365:41
11 permits the Commission to levy a civil penalty
12 against the Company not exceeding \$250,000 or
13 2.5 percent of its annual gross revenues. And,
14 then further, there's another statute, RSA
15 365:42, which let's you level a civil penalty
16 against every officer or agent of a company who
17 willfully fails to file -- excuse me, obey and
18 observe and comply with Commission orders, and
19 that's \$100,000 per violation.

20 And, in this case, we have the last
21 annual report was filed in December of 2014 for
22 the year ended December 31st, 2013. That
23 report was nine months late. So, using that as
24 a baseline with the revenues in that report,

[WITNESS: Naylor]

1 the Commission could fine this Company about
2 \$375 under RSA 365:41. And the current report
3 is about 58 days late through today, that would
4 amount to a fine of \$5,800.

5 And, so, with that, I'd like to call
6 Mark Naylor and have him sworn in please.

7 CHAIRMAN HONIGBERG: Mr. Naylor is
8 approaching the witness stand.

9 (Whereupon **Mark A. Naylor** was
10 duly sworn by the Court
11 Reporter.)

12 **MARK A. NAYLOR, SWORN**

13 **DIRECT EXAMINATION**

14 BY MR. CLIFFORD:

15 Q. Okay. For the benefit of those here, can you
16 state your name briefly.

17 A. Yes. Mark Naylor.

18 Q. And with whom are you employed and your
19 business address please?

20 A. I'm employed by the New Hampshire Public
21 Utilities Commission, here at 21 South Fruit
22 Street, in Concord.

23 Q. Okay. And your position with the Commission?

24 A. I'm the Director of the Commission's Gas and

{DW 16-257} [Show Cause Hearing] {05-26-16}

[WITNESS: Naylor]

1 Water Division.

2 Q. And what does the Director of the Gas & Water
3 Division do here at the PUC?

4 A. Well, I'm responsible for all of the work
5 product relating to Staff reviews of gas,
6 steam, sewer, and water dockets.

7 Q. Okay. Can you provide us with just a brief
8 outline of your experience and how that relates
9 to this particular case?

10 A. I've been employed here for over 25 years now.
11 For most of my career here, I have been
12 involved with water utilities. I am an
13 accountant by training and education. So, I've
14 worked with, you know, the financial side of
15 companies quite extensively.

16 And, as it relates to this particular
17 proceeding, you know, we don't, with these
18 small companies, we don't require a lot. But
19 we do require that an annual report be filed
20 each year, so that we can see how they're
21 doing, what kind of rate of return they're
22 generating, and so on and so forth. So, it's,
23 with the small companies, certainly the most
24 important thing that we require.

{DW 16-257} [Show Cause Hearing] {05-26-16}

[WITNESS: Naylor]

1 Q. Okay. And, so, you're generally familiar with
2 the annual reports that are filed by water
3 companies under PUC 609.04, right?

4 A. Yes.

5 Q. Okay. I'm approaching, put in front of you
6 what's been premarked as "Exhibit 1". And I'm
7 going to ask if you -- do you recognize that
8 particular document?

9 A. Yes, I do.

10 Q. And what is that document?

11 A. It's a letter written by me, dated
12 February 25th of this year, and it recounts the
13 difficulty that Staff has had in getting
14 reports filed by Bow Lake Estates.

15 Q. Great. Can you -- do you see there's some
16 highlighted material on there. Can you just
17 read into the record those highlighted
18 paragraphs?

19 CHAIRMAN HONIGBERG: Mr. Clifford,
20 before Mr. Naylor does that, I'm assuming that
21 what you're referring to is what Mr. Naylor
22 talked about, a letter of February 25th, 2016,
23 we do have it in our files. But is that --

24 MR. CLIFFORD: Correct.

[WITNESS: Naylor]

1 CHAIRMAN HONIGBERG: Am I looking at
2 the right letter?

3 MR. CLIFFORD: You're looking at the
4 right letter.

5 CHAIRMAN HONIGBERG: All right. I'm
6 sorry, I think I interrupted a question or --

7 MR. CLIFFORD: Well, I wanted to have
8 Mr. Naylor just read into the record that --

9 CHAIRMAN HONIGBERG: Right.

10 MR. CLIFFORD: -- that paragraph that
11 I've highlighted on his particular exhibit, so
12 we have that.

13 BY MR. CLIFFORD:

14 Q. If you don't mind, Mark.

15 A. "Twice in the past the Commission has opened
16 dockets to investigate Bow Lake's failure to
17 provide timely annual reports: Docket Numbers
18 DW 04-010 and DW 09-077. The record of each of
19 these proceedings is replete with evidence of
20 the Company's non-compliance and intransigence.
21 Bow Lake was fined by the Commission in both
22 dockets but, unfortunately, following the 2009
23 docket, the Company continued to file late
24 annual reports. The Company's 2009 report, due

{DW 16-257} [Show Cause Hearing] {05-26-16}

[WITNESS: Naylor]

1 March 31, 2010, was not filed until December
2 21st, 2011. The 2010 report, due March 31st,
3 2011, was filed February 1st, 2012. The 2011
4 report, due March 31st, 2012, was filed
5 April 18th, 2012. The 2012 report, due March
6 31st, 2013, was filed July 31st, 2014. The
7 2013 report, due March 31st, 2014, was filed
8 December 23, 2014. Also, the Commission's
9 Audit Staff issued questions to the Company on
10 its 2013 report, but the Company has never
11 responded to those questions.

12 Since March 31st, 2015, Staff has
13 contacted the Company's president, Stanley
14 Oliver, several times with the last being this
15 past Monday morning. Mr. Oliver cited the cost
16 of preparing annual reports, and the inability
17 to acquire access to an accountant at this time
18 of year as reasons for not filing a 2014
19 report. Mr. Oliver made no commitment
20 whatsoever to the filing of the overdue 2014
21 report, and he did not address the 2015 report
22 due in just over a month."

23 Q. Okay. So, as we sit here today, has the
24 Company, to your knowledge, filed its 2014

{DW 16-257} [Show Cause Hearing] {05-26-16}

[WITNESS: Naylor]

1 report?

2 A. No.

3 Q. Have you seen a copy of the report for 2015?

4 A. No.

5 Q. Any other responses from Mr. Oliver on this
6 issue, to your knowledge?

7 A. No.

8 MR. CLIFFORD: Then, I have nothing
9 further for Mr. Naylor.

10 CHAIRMAN HONIGBERG: Mr. Oliver, do
11 you have questions for Mr. Naylor?

12 MR. OLIVER: No.

13 CHAIRMAN HONIGBERG: Commissioner
14 Scott?

15 COMMISSIONER SCOTT: Nothing.

16 CHAIRMAN HONIGBERG: Commissioner
17 Bailey?

18 COMMISSIONER BAILEY: I just have one
19 question.

20 BY COMMISSIONER BAILEY:

21 Q. In your opening remarks, I believe that you
22 said that there was a report that was "58 days
23 late" as of today. I assume you mean that
24 that's the 2015 report?

{DW 16-257} [Show Cause Hearing] {05-26-16}

[WITNESS: Naylor]

1 MR. CLIFFORD: That's correct.

2 BY COMMISSIONER BAILEY:

3 Q. And the 2014 report is 365 days plus that --

4 MR. CLIFFORD: Three hundred sixty --

5 CHAIRMAN HONIGBERG: Mr. Clifford,
6 she's talking to Mr. Naylor.

7 **BY THE WITNESS:**

8 A. That's correct.

9 COMMISSIONER BAILEY: Okay. Thank
10 you.

11 BY CHAIRMAN HONIGBERG:

12 Q. Mr. Naylor, you characterized the annual report
13 as "the most important thing" that we require
14 of the small water companies. What is involved
15 in preparing an annual report?

16 A. The annual report is really comprised of two
17 pieces. The first is financial information.
18 There is some background information first
19 that's pretty standard, identifying the company
20 and its officers and so forth. But, for the
21 most part, the financial information is the
22 significant piece. It presents a balance
23 sheet, an income statement, and other
24 subsidiary schedules, relating to the Company's

[WITNESS: Naylor]

1 plant and changes over the year in all of its
2 accounts. And, then, the second part of the
3 report is mostly statistical. And there are
4 tables for pumpage amounts and various other
5 things like that. So, --

6 Q. How much of the work required to prepare an
7 annual report is work that has to be done for
8 other purposes? I'm thinking of taxes.

9 A. Yes. Quite a bit. I mean, the Company is
10 required to keep its books in a manner that we
11 prescribe, the Uniform System of Accounts for
12 Water Utilities. If it's keeping its books
13 correctly and maintaining a general ledger,
14 then the financial information should be fairly
15 readily available for preparation of the
16 report.

17 Q. How many water companies do we currently
18 regulate?

19 A. I believe the number is 17.

20 Q. Is this a problem with other water companies,
21 getting annual reports filed on time?

22 A. Only occasionally.

23 CHAIRMAN HONIGBERG: Mr. Clifford,
24 this question is for you. We have some

[WITNESS: Naylor]

1 other -- we have another exhibit you provided
2 marked "Exhibit 4".

3 MR. CLIFFORD: Right.

4 CHAIRMAN HONIGBERG: And I'm assuming
5 there is an Exhibit 2 that is something.
6 Before Mr. Naylor leaves the stand, do we want
7 to talk about those, so we get on the record
8 what exhibits -- what Exhibits 2, 3, and 4 are?

9 MR. CLIFFORD: I was going to
10 introduce 2, 3, and 4 through Mr. Oliver.
11 But --

12 CHAIRMAN HONIGBERG: All right. So,
13 you're calling Mr. Oliver as a witness?

14 MR. CLIFFORD: That's right.

15 CHAIRMAN HONIGBERG: Okay. I didn't
16 understand that.

17 I'm sorry, Commissioner Scott?

18 COMMISSIONER SCOTT: When you're
19 ready, I have a question.

20 CHAIRMAN HONIGBERG: I don't think I
21 have anything else. Commissioner Scott.

22 COMMISSIONER SCOTT: Thank you.

23 BY COMMISSIONER SCOTT:

24 Q. Mr. Naylor, preparation of the annual report I

[WITNESS: Oliver]

1 assume is something that is typically
2 recoverable costwise for a utility, that's an
3 allowable -- typically allowed cost, is that
4 correct?

5 A. To be included in rates, yes.

6 Q. In fact, it's expected, is that correct?

7 A. Yes.

8 COMMISSIONER SCOTT: Thank you.

9 CHAIRMAN HONIGBERG: I don't have
10 anything further.

11 Mr. Clifford, do you have any further
12 questions for Mr. Naylor?

13 MR. CLIFFORD: No, I do not. I just
14 move the admission of Exhibit 1 that we've
15 introduced.

16 CHAIRMAN HONIGBERG: Not necessary at
17 this time.

18 MR. CLIFFORD: Okay.

19 CHAIRMAN HONIGBERG: But I'm happy to
20 take that. Is there any objection to Exhibit 1
21 becoming a full exhibit?

22 [No verbal response.]

23 CHAIRMAN HONIGBERG: I didn't think
24 so.

[WITNESS: Oliver]

1 *[Exhibit 1 ID struck and entered*
2 *as a full exhibit.]*

3 CHAIRMAN HONIGBERG: All right. Mr.
4 Naylor, you can return to your seat.

5 Mr. Clifford, you would like to call
6 Mr. Oliver as a witness, I take it?

7 MR. CLIFFORD: Yes. Yes, I would.

8 CHAIRMAN HONIGBERG: All right. Mr.
9 Oliver, would you please take the witness
10 stand.

11 (Whereupon **Stanley H. Oliver** was
12 duly sworn by the Court
13 Reporter.)

14 **STANLEY H. OLIVER, SWORN**

15 **DIRECT EXAMINATION**

16 BY MR. CLIFFORD:

17 Q. Can you state your name, sir?

18 A. My name is Stan Oliver.

19 Q. And can you give us your address please?

20 A. We're P.O. Box 180, in Barrington, New
21 Hampshire.

22 Q. And can you give us your position with the
23 Company, Bow Lake Estates?

24 A. I own the Company.

{DW 16-257} [Show Cause Hearing] {05-26-16}

[WITNESS: Oliver]

1 Q. And how many shares do you own?

2 A. Three hundred.

3 Q. Anyone else own any shares in that company?

4 A. No.

5 Q. And how long have you owned it?

6 A. Since 1988, I believe.

7 Q. Okay. Are you the manager of that company?

8 A. We are the whole shootin' match.

9 Q. So, no one else manages that with you?

10 A. (No verbal response).

11 Q. Okay. I'm going to show you Exhibit 2. It has
12 an order number, PUC Order 25,871. Do you
13 recognize that order?

14 A. Yeah. This is the first one that was sent.
15 You don't have dates on top, but --

16 Q. Well, it's dated "March" -- if you read the --
17 go to the last page, there's a date on that.
18 It should be "March 10th", I believe? You see
19 that?

20 A. Yeah. Well, okay. Sure.

21 Q. And can you just read back to us, you see
22 there's some highlighted material on
23 Page 2 [Page 3?]?

24 A. Yes. Says "Further ordered, pursuant to the

{DW 16-257} [Show Cause Hearing] {05-26-16}

[WITNESS: Oliver]

1 New Hampshire Code Rules 203.12, Bow Lake
2 Estates shall send a copy of this Order to
3 consumers by mail no later than March 24th,
4 with publication to be documented by an
5 affidavit with the Commission on or before
6 April 18th."

7 Q. Okay. Did you mail a copy of that --

8 A. No.

9 Q. -- that Order?

10 A. No, I didn't.

11 Q. Can you tell us why you didn't?

12 A. Yeah. I couldn't see that that did -- what
13 that would do, other than cause confusion.
14 And, so, we did not do that.

15 Q. So, can I refer you to Page 2 of that order,
16 too? You'll notice there's a Page "2" up on
17 the upper, on the top page.

18 A. All right.

19 Q. You see there's another highlighted section of
20 the Order?

21 A. Yes.

22 Q. Can you read that out?

23 A. Yes. It says "Ordered, that pursuant to RSA
24 374:15 and New Hampshire Code 609.04, Bow Lake

{DW 16-257} [Show Cause Hearing] {05-26-16}

[WITNESS: Oliver]

1 Estates shall file its annual report by
2 March 31st."

3 Q. And March 31st came and went, right?

4 A. It did, and we did not file that report.

5 Q. Okay. So, I'm going to show you, I guess, a
6 copy of Exhibit 3, which we finally just
7 received this morning. Is that --

8 A. Uh-huh.

9 Q. Do you recognize that?

10 A. Yeah. That's the affidavit, which you sent me,
11 which thank you for doing that, because I
12 wouldn't have probably been able to come up
13 with something. But we did, we emailed you
14 that copy, and then we put it in the mail.

15 Q. So, that's an affidavit, you did, in fact, now
16 send a copy of that Order to all of Bow Lake
17 Water's customers?

18 A. Yes.

19 Q. Okay.

20 A. We did.

21 Q. Great. And thank you for that. Now, I want to
22 put in front of you what I've marked as
23 Commission "Exhibit 4". This is the -- do you
24 recognize that document?

{DW 16-257} [Show Cause Hearing] {05-26-16}

[WITNESS: Oliver]

1 A. Yes. That's our 2013 report, yes.

2 Q. Okay. Can you just turn to Page 3 briefly?

3 See where there's -- the pages are numbered at
4 the bottom.

5 A. Yeah. Yes.

6 Q. So, that's your signature on Page 3?

7 A. Yes, it is.

8 Q. Is that verifying the accuracy of the contents
9 of the report, right?

10 A. Uh-huh.

11 Q. Okay. So, then, I'd like you to flip to
12 Page 16. There should be a section there that
13 says "Statement of Income".

14 A. Yeah.

15 Q. So, you see I've highlighted -- or, not
16 highlighted, but, if you look at Line 1, Column
17 (c), there's a number in there?

18 A. Yes. "14,976"?

19 Q. Right.

20 A. Yes.

21 Q. So, does that accurately state the Company's
22 revenue for 2013?

23 A. I would imagine so.

24 Q. Well, you verified the report, right?

{DW 16-257} [Show Cause Hearing] {05-26-16}

[WITNESS: Oliver]

- 1 A. Okay. Then, yes, it does.
- 2 Q. It does. Okay. So, then, I'd like you to turn
3 to Page 31.
- 4 A. Yup.
- 5 Q. And you'll see there's a number at the bottom
6 of Line 8, says "Total Water Operating
7 Revenues"?
- 8 A. Uh-huh.
- 9 Q. Line 8, Column (b)?
- 10 A. Yes.
- 11 Q. Right. And that marries up with the amount
12 reported on Page 16, does it not?
- 13 A. It does.
- 14 Q. So, that number, again, can you just tell us
15 what that number is?
- 16 A. Well, it says here the "Total Water Operating
17 Revenues" that were collected.
- 18 Q. Right.
- 19 A. Yes.
- 20 Q. And how much was that?
- 21 A. "14,976".
- 22 Q. Okay. So, that marries up with the amount on
23 Line 16, right?
- 24 A. Yes.

{DW 16-257} [Show Cause Hearing] {05-26-16}

[WITNESS: Oliver]

1 Q. Okay. So, based on that number, is that, I
2 know we don't have the reports in for 2014 and
3 2015, but would that be an estimate of your
4 revenues for 2014, each of the years 2014 and
5 2015, or would they be different? And, if so,
6 what would they be? Or, what are they?

7 A. Well, the revenues are very easy to calculate.
8 We charge \$32 a month a customer.

9 Q. Over how many customers do you have?

10 A. I believe we have 40 --

11 MS. YOUNG: Four.

12 WITNESS OLIVER: Forty-four?

13 MS. YOUNG: Yes. Including four
14 houses --

15 CHAIRMAN HONIGBERG: Whoa, whoa,
16 whoa. Hang on. Hang on. Hang on.

17 MS. YOUNG: Sorry.

18 CHAIRMAN HONIGBERG: It's
19 Mr. Oliver's turn to testify.

20 BY MR. CLIFFORD:

21 Q. So, the figure of "14,976", as stated in the
22 2013 report, --

23 A. Uh-huh.

24 Q. -- is that fairly consistent with the revenues

[WITNESS: Oliver]

1 for 2014 and 2015?

2 A. Yes. The way the revenues change, and I have
3 copies in my briefcase of '14 and '15. Where
4 the revenues -- the actual calculated revenue,
5 and I thought I saw you coming up with some
6 numbers here, but is -- that's pretty close.
7 In '15, the revenue has dropped, because of our
8 billing cycle and when the money came in. So,
9 -- but, yes.

10 Q. Based on, I've done a back-of-the-envelope
11 calculation, roughly, you're saying, for 2014
12 and 2015, we would expect to see an annual
13 report showing about 16,000 and change in
14 revenues?

15 A. Okay.

16 Q. Roughly?

17 A. If that's what the numbers are, yes, I would
18 think.

19 Q. Do you have a time frame now for filing the
20 2014 and 2015 reports, since --

21 A. Yes. We can leave him here today.

22 Q. Okay. And, then, do you know the current
23 balance in your company's checking account?
24 What's cash on hand?

{DW 16-257} [Show Cause Hearing] {05-26-16}

[WITNESS: Oliver]

1 A. I don't.

2 Q. You don't have that. And can you just tell the
3 Commission, in your own words, why you
4 shouldn't be fined today or you shouldn't lose
5 your franchise?

6 A. Well, as far as being fined, I mean, that's up
7 to you, and I'm not going to really comment on
8 that. I don't think -- I think fines do no
9 good. But what do you mean about -- I don't
10 understand what the "franchise" is?

11 Q. Well, there's the authority, the Commissioners
12 will deliberate over this and --

13 A. Well, you have to explain to me what the
14 "franchise" is --

15 Q. There's a possibility you could lose your
16 franchise, your ability to operate as a
17 utility. But I'm not on the stand here. So,
18 that was a question posed to you, and I don't
19 answer questions.

20 And the last question is, have you paid
21 your franchise assessment to the Commission for
22 2014 and 2015, do you know?

23 A. I believe so.

24 MR. CLIFFORD: Okay. Then, I have no

[WITNESS: Oliver]

1 further questions of Mr. Oliver.

2 CHAIRMAN HONIGBERG: Commissioner
3 Scott.

4 COMMISSIONER SCOTT: Good morning,
5 Mr. Oliver. A couple questions for you.

6 BY COMMISSIONER SCOTT:

7 Q. So, one is, and I'm not that familiar with your
8 utility, have you had any compliance problems
9 water qualitywise? Meaning, if we were to talk
10 to Department of Environmental Services, would
11 they say they have issued you any documents
12 saying you have a problem?

13 A. No.

14 Q. Okay. Any complaints from your customers?

15 A. Well, other than probably bookkeeping and very
16 erratic billing complaints. We have no quality
17 or quantity complaints from anybody.

18 Q. I'm glad to hear that. Can you explain to me
19 your reference you just made to "erratic
20 billing complaints"?

21 A. Well, we have had an accountant who -- for
22 quite some time who, I guess, was going blind,
23 and had from time to time had some -- she was a
24 property manager up north. And we've done a

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[WITNESS: Oliver]

1 lot, we've worked with her for years. And I
2 think she had a girl come in to help her. And
3 it just got to be way too many mistakes. And,
4 so, we got talking about it, and she said
5 "well, she had a time hard time even
6 proofreading the work." So, then, I started to
7 do it, and I do it pretty much on a rainy day.

8 There's been, since 1988, if you started
9 before I bought it, the charge was \$40 a year
10 for water, and you got what you got. I mean,
11 it went out the pipe. There was one pump, one
12 well. The neighbors, if you were at the end of
13 the line, you got what you got.

14 And, so, how we happen to come by it, we
15 were asked to fix it, and then we ended up
16 owning it. And, since then, the infrastructure
17 came and was -- what's in the street was really
18 good, and we haven't had -- we haven't had
19 breaks and we haven't had problems. And we've
20 had pretty much the same houses. There are two
21 or three or four new houses that have been
22 connected. Two belong to these people over
23 here. Well, one does. I don't know if the
24 other one -- anyway, it's a pretty stable

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[WITNESS: Oliver]

1 situation.

2 And the price has never changed. We've
3 never been back. We, I think, are able to
4 charge 32.73, or something like that, a month.
5 And, from a bookkeeping standpoint, anything on
6 the right side of a decimal point, you're going
7 to add wrong. So, we just charge 32.

8 And I do it. I have been doing it for, I
9 don't know, three or four years. And I don't
10 know that I make mistakes, as much as we have
11 checks that sit on my desk and expire. And,
12 for some reason, we have small -- we have small
13 envelopes, and we have -- they just get lost at
14 the post office. P.O. Box 180 is the box on
15 the floor. And they just get -- woosh -- or
16 something. I mean, we have -- we have
17 customers that call and I go "Honestly, I
18 didn't get your check." But I throw away
19 file -- market basket advertisements, that kind
20 of thing. And, when we go with the mail, I
21 think things get lost, and I go through, and,
22 so, I probably throw a lot of away, I don't
23 know. I mean, my mistake.

24 But the bookkeeping is definitely the

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1 weakest part of the company. And, now, we have
2 some -- another bookkeeping company, and
3 apparently we had a -- we've got discussing a
4 possible mistake over there.

5 But, other than -- but the performance,
6 other than bookkeeping, we don't have an issue.

7 Q. Uh-huh. So, how are you addressing
8 bookkeeping? What's the fix on bookkeeping?

9 A. Well, I thought the fix on bookkeeping is we
10 hired a bookkeeper. But, apparently, we --
11 this is the time first time I hear of a
12 problem. And we try to do the book -- we try
13 to do the bookkeeping or the billing every --
14 quarterly. So, of course, you're not going to
15 hear, unless they call, you're not going to
16 hear, unless they write a note on the next
17 month's -- next quarter's bill. And I open the
18 checks, photocopy the checks, deposit the
19 checks, give the photocopy to the bookkeeper.
20 So, I see -- I see the notes that came in when
21 people write. And I think that's the best we
22 can do.

23 Q. So, one of your -- if I remember in the file,
24 one of the responses to Staff's letter saying

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[WITNESS: Oliver]

1 you "need to produce the annual reports" was --
2 there was an implication that there wasn't
3 enough funding to hire somebody? Is that a
4 correct --

5 A. No, that's not correct.

6 Q. Okay. Can you characterize what your response
7 was?

8 A. My response is that, for a -- now, we'll round
9 off Mr. Clifford's remark -- math at 17,000.
10 And we pay 1,700 for this report, 15 to 1,700
11 for this report. And, you know, if we are a
12 manager of the paper, which we're not, we just
13 let it go, it seems to me that to fill in a
14 report at 10 percent of the gross revenue for
15 just a report, this is not the bookkeeping,
16 this is not the billing, is quite a large
17 amount. And I said, you know, "We'll do it.
18 We do it when we can." We have an accountant,
19 and I went over and got it. But you're due two
20 weeks before Uncle Sam is due. And guess what
21 the accountant's pretty much attention is? And
22 this is not a 1040. This doesn't even make
23 sense as far as accounting for profit -- for
24 capitalistic accounting. This is not your

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1 typical form/page accounting. And, so, he has
2 to spend probably an inordinate amount of time
3 doing this.

4 We had another accountant, who the
5 Commission has used or who some of the water
6 companies use. And there's -- it's all on a
7 disk. The depreciation that's in here, all of
8 the statistical information is all on the
9 computer once it's entered. And I could not
10 see why there would be anywhere near that
11 charge. And that was the comment.

12 And it didn't -- you know, Mr. -- Mark
13 Naylor has worked with me for years. And we
14 shook hands when we came in. He's a good guy.
15 He has to put up with me. And, I'm sorry, I
16 don't know that I'd want to put up with me.
17 The water works, that's my primary project.

18 And my business is, as Yankee Pump, is the
19 same. And, when you called because your water
20 pump broke, and I said "Commissioner, I'm
21 sorry, I've got this silly little -- I've got
22 to collect some of this information for a
23 report, and I've got to do the billing, because
24 today's the last day, and I've worked every" --

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[WITNESS: Oliver]

1 almost every day I work, six, pretty much six,
2 six and a half days a week, and I say "I can't
3 come fix your pump, I have to do the billing."
4 What would you think? You'd be calling, you'd
5 let your fingers do the walking.

6 And, so, we take care of the water
7 business. The paper business definitely gets
8 put aside.

9 And you're snickering, I can see. But
10 he's been a good guy to help me along here.

11 Q. So, what I think Mr. Naylor was, in his
12 testimony, I think he was alluding to is, for a
13 utility, such a small utility, there's staff
14 here, especially as a regulator, we need some
15 way to check that your customers are getting
16 what they're supposed to get.

17 A. That's right. And we get it. But we -- we've
18 always gotten it. But I think we're habitually
19 late. And we need our -- Mark calls up and
20 tells me. And we get it to him, but we need to
21 kind of be yelled at, I guess.

22 Q. Would you believe that perhaps some utilities
23 we would have to monitor fairly closely, to
24 make sure things don't go off the rails for the

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1 customers and the customers don't suffer? So,
2 we have to -- there's a timeliness issue for
3 some utilities, would that make sense to you?

4 A. Oh, sure. Yes.

5 Q. Okay. I'll move on. So, we have a proposed
6 fine for you for not filing on time. It's
7 great to hear that you're dropping off the 2014
8 and 2015. What happens moving forward? What's
9 the plan?

10 A. Well, my greatest hope is that I can find
11 somebody to buy this. It's 24/7 for me. When
12 I take off and go skiing, I wonder. And it's
13 been a very good system, it's a very reliable
14 system. Every -- we have two wells, two pumps,
15 two tanks. Everything -- everything has a
16 backup. But, you know, a break in the street,
17 something like that, ooh. And, you know, my
18 greatest hope is somebody else will take it.

19 And we have tried to get the system, the
20 people on the island, I thought they had,
21 because they bought the road, I thought they
22 had come up with a complete association. And,
23 according to the president, they don't. And,
24 so, that makes it difficult to transfer to

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1 them.

2 And the people that we have talked to have
3 expressed an interest. And I guess this is
4 something, you know, this has sort of been a
5 hobby for me. I bought when it was \$40. We
6 put in a new pumphouse, new wells, new tanks.
7 We've maintained it for years. We've just --
8 it's sort of like our baby. And, now, -- and
9 we have not raised ever the price. And, as
10 prices go up, we have -- there's been a new
11 house every couple or three years. I think we
12 started out with 36, and we're up to 39 or 40
13 or 41. And that revenue seems to take care of
14 the increased price in testing and the increase
15 in electricity, which are the two only variable
16 costs. And, so, it just works.

17 And I don't -- when we sell this, it's
18 going to be something that is -- the price is
19 going to skyrocket. And I've tried to maintain
20 where we are with people. I mean, I don't know
21 what you pay, I don't know even, you know, if
22 you live in town or pay a water bill, but it's
23 \$32 a month unmetered. And I guess that's a
24 pretty good deal. But I see Locke Lake at

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1 being over 100. The people that were going to
2 buy it said "well, with their fixed costs, it's
3 going to be over \$50 a month."

4 And, so, you know, I guess -- I sent out a
5 letter, I have a copy in there, in my
6 briefcase, that said "Do you have any interest
7 in buying it and have control of your costs or
8 do you not have any interests in buying it and
9 controlling?" The association buying it. And
10 we got, out of the 40 houses, we got 10
11 responses; 5 yea/5 nay. But, at 10 responses,
12 and I sent it out, it came in a self-addressed
13 envelope, stamped. I mean, I want to hear.
14 Because, if there isn't any real interest in --
15 if no one's worried about the \$32 except me,
16 and if no one is worried about any control over
17 it, then I can just throw up my hands and I'll
18 sell to the guy in Connecticut and not feel
19 bad. I mean, I live probably 5 miles from this
20 place. Probably half the people drive past my
21 house going in and out. And, you know, I don't
22 want to be the bad guy. I mean, I am here,
23 but, sorry, you don't throw eggs at my house,
24 but they might, you know?

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1 Q. So, more to the point, there's two things for
2 today, at least for my interest, is one is,
3 "should we not or should we fine you for not
4 complying?" And the other thing you'll notice
5 in the Order of Notice was "should you be
6 allowed to maintain your franchise?"

7 So, those are the two big questions in my
8 mind. And, whether you're fined or not for
9 filing and meeting the order, part of that
10 would be, I just want to tease out, am I
11 hearing that "do what you will, but you're
12 still going to -- the past is going to be what
13 the future is, too, until you're able to sell
14 it"? Is that what I just heard?

15 A. No. I think you're reading a little in. The
16 past is the past, there's nothing we can do
17 about it. We will try to get the thing done.
18 And our accountant now, he's a really good guy,
19 he seems to take this as a challenge, but he
20 does say that it takes a lot of time. And, so,
21 if we can work a little harder at getting him
22 the information, then I would assume that he
23 will work a little harder at getting it done.
24 It is kind of uncanny that yours is done -- is

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1 required before Uncle's.

2 Q. Okay. And, again, the franchise issue is,
3 you're showing a history of not doing what
4 you're supposed to be doing. So, that calls
5 into question, as a regulator, we look at
6 "okay, how do we protect the ratepayers of your
7 utility?" I know it's a small utility, in your
8 case. And it calls into question, are you --
9 you know, you're granted a monopoly where you
10 are. Should that stay that way, if you're not
11 going to be in compliance, you're not going to
12 do what you're directed to do? That's the
13 franchise part of that, and that can have a lot
14 of implications. So, should we be -- I
15 understand you'd like to sell your franchise to
16 somebody, which would require approval from us.

17 A. Yes. Well, if you took away the --

18 Q. Should we be interceding?

19 A. If you take away the franchise, does that mean
20 I'm free and clear, and I can just walk away?
21 I would give you the key and I'm done?

22 Q. Well, you have obligations, and that's one of
23 the reasons why you're here. So, my question
24 to you is, is why wouldn't we want to go down

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[WITNESS: Oliver]

1 that path, putting a receiver in your place or
2 have somebody else manage your utility?

3 A. Well, as long as I had no responsibility to it,
4 I think that would be great. I mean, I'm not
5 trying to sell it for any amount of money. I
6 definitely would like to get, you know, what
7 it's worth. And, apparently, it's not worth
8 anything. So, you know, so, I'm here, and I'm
9 responsible for this, and the bookkeeping
10 errors, I'm responsible for this. I'm
11 responsible for the water running all for I
12 think I charge 87.50 a week, \$87.50 a week or
13 something like that. I think the annual, to
14 run the system, I think I pay myself, it's
15 either -- I think I gave myself a raise last
16 year, but I think it's \$4,800 or something.
17 We're on call 24/7, you've got to be out of
18 your mind.

19 I did it when I was young, had kids. It
20 paid half -- that money paid half of one kid's
21 semester tuition. I had a second company,
22 which was disposed of in maybe two years ago,
23 and that paid the other half. So, the first
24 semester, each kid, was free for me. And, now,

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1 they're long gone. I mean, really, I'll go get
2 the key out of the truck and leave it right on
3 this table.

4 COMMISSIONER SCOTT: Thank you.
5 That's all I have.

6 CHAIRMAN HONIGBERG: Commissioner
7 Bailey.

8 BY COMMISSIONER BAILEY:

9 Q. Do you file any reports at DES?

10 A. Do I file any report?

11 Q. Yes.

12 A. What report would that be? They don't require
13 any reports.

14 Q. Okay. Well, Commissioner Scott asked you if
15 you had ever had any issues with DES. But does
16 DES even know you exist?

17 A. Oh, of course. They come and inspect every
18 three years. We do monthly, quarterly, and
19 the -- the water testing is monthly for
20 bacteria, it's quarterly for, oh, like nitrates
21 and arsenic. And, then, the VOCs I think
22 are -- I think we have waivers. So, VOCs,
23 volatile organics, SOCs, synthetic organics,
24 are, as well as being expensive tests, are

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[WITNESS: Oliver]

1 every three years.

2 Q. And you report those to DES?

3 A. Oh, sure.

4 Q. That's what I meant by "reports".

5 A. Yes. Okay. Okay. And we have an EPA number.

6 Q. Okay.

7 A. And it's a -- yeah, it's a very known system.
8 And we don't really have -- I can't tell you
9 when the last inspection was. But, you know,
10 it's a new pumphouse, or new in '88. And every
11 thing's, you know, pretty much up to snuff. We
12 don't have -- if they find something, it's
13 something like -- well, I do remember
14 distinctly, the last inspection they wanted a
15 vent on the well cap. And it's funny, in 1998,
16 they went around and said "We don't want any
17 bacteria. We don't want any dogs, country
18 dogs." Don't have fire hydrants. So, a well
19 looks like one. "We want this completely
20 sealed." And, so, we have our wells sealed.
21 And, now, they want vents on them. And, so,
22 now you put a vent on them. And that was --
23 and the vent is really the same vent that you
24 have on your oil tank. It's just a screened

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1 vent, to, as the water goes up and down, the
2 air replaces and the well breathes when the
3 pump comes off and on. And, so, we had to
4 throw a \$6.00 vent on. And that was the extent
5 of their review last time.

6 Q. Okay. Do you understand that you could collect
7 higher rates if you could show that you
8 expended money on an accountant?

9 A. Oh, we do. But I don't -- I really don't want
10 to change the rate. And the last time we
11 changed the rate, and it's funny, you look at
12 grayer hair and grayer hair. I remember,
13 you're Steve Patnaude, is that correct?

14 *(Court reporter nodding in the*
15 *affirmative.)*

16 **CONTINUED BY THE WITNESS:**

17 A. Yeah. And he was there typing away, I was just
18 sitting there amazed at how he could do that.
19 And I had to -- it cost \$3,500 for the rate
20 increase. We had to pay him 23 or 4 or 500
21 dollars. And, then, we had to pay our
22 accountant, or we had to pay somebody. It cost
23 about \$3,500, as I recall. And we got to
24 charge \$2.39 a month surtax for three years to

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[WITNESS: Oliver]

1 pay that back. So, we got the 32.73, plus
2 \$2.79 [\$2.39?] So, you can roughly add that
3 up, and it was about \$35, and then that \$2.00
4 dropped off. Well, I had to pay that out of my
5 pocket, interest-free. Now, I didn't think
6 that was a really good deal, and he wanted his
7 money. And the reason that I remember is he
8 called me up and he said, you know, that he
9 billed me and he expected to be paid. And I
10 said, "Well, yes. But the Company doesn't have
11 any money, because the Public Utilities
12 Commission doesn't -- we just started day one,
13 and we haven't done anything, and that's not
14 built in."

15 Q. When was that?

16 A. 1988.

17 Q. So, you haven't changed the rate since 1988?

18 A. I haven't changed the rate. We've never
19 been -- well, we have been back, but that's
20 because we were bad guys, not to change the
21 rate.

22 Q. Do you any expenses that were ongoing?

23 A. Sure. We have our bookkeeping, we have
24 electrical, we have our water testing.

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[WITNESS: Oliver]

1 Q. And have those costs gone up since 1988?

2 A. Yeah, they have. But, as I mentioned before,
3 we seem to collect -- we seem to get one more
4 house every three or four years, and that
5 revenue seems to take care of it.

6 Q. And have you gotten any kind of return on your
7 investment?

8 A. Well, you didn't ask me what my background was.
9 And you asked Mark what his background was.
10 He's an accountant. I'm a water guy.

11 Q. What do you mean by "water guy"?

12 A. I can fix a pipe and fix a pump. Honestly,
13 it's a hobby. And, return on investment, I
14 don't even know what that is. I mean, I do
15 know what it means. And I would say -- I would
16 say "no". And, then, when we sell it, if we
17 sell it for just a mere fraction of what we
18 have expended in energy in it, I would say
19 "definitely no".

20 Q. Do you have another job?

21 A. Oh, gosh, yes.

22 Q. So, you're on call 24/7, but you don't work on
23 this 24/7?

24 A. No.

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[WITNESS: Oliver]

1 Q. Okay.

2 A. No. It's a very good, tight, reliable system.
3 But, no matter, they require attention from
4 time to time. And, if I'm in town or -- it's
5 not a problem. But, you know, you just always
6 have this hanging over your shoulder, the
7 responsibility of --

8 Q. Being a public utility?

9 A. Yes.

10 COMMISSIONER BAILEY: Okay. Thank
11 you.

12 BY CHAIRMAN HONIGBERG:

13 Q. Mr. Oliver, throughout your testimony and your
14 answers to the various questions, you've
15 expressed some uncertainty or you seem to be
16 uncomfortable with the idea that what you do is
17 regulated by state law. Is that -- am I
18 missing something or am I sensing something
19 that's not really there?

20 *(Short pause.)*

21 BY CHAIRMAN HONIGBERG:

22 Q. Let me try it a different way.

23 A. Well, ask me something else.

24 Q. Let me try this a different way. This whole

[WITNESS: Oliver]

1 utility thing, and the regulated part of it, do
2 you know any of the history associated with
3 regulated utilities?

4 A. No.

5 Q. Would it surprise you to learn that it happens,
6 this is a situation in every state, and goes
7 back more than 100 years?

8 A. Oh, I'm sure.

9 Q. And that it exists, in part, because there are
10 certain services that the public needs,
11 electricity, gas, water, sewer, for which it
12 really doesn't make sense to have multiple
13 systems trying to serve one customer or one
14 group of customers?

15 A. Oh, sure. Yes.

16 Q. And that the structure that's been put in place
17 gives those who are willing to provide that
18 kind of service certain rights. Right to a
19 monopoly, a right to a return on what they put
20 into the business. Is that consistent with
21 what you understand is going on?

22 A. Uh-huh.

23 Q. That's an "uh-huh" that I think meant "yes",
24 right?

[WITNESS: Oliver]

1 A. Yes. Yes.

2 Q. But, in exchange, there's certain obligations,
3 and that is you have to provide safe and
4 reliable service, right?

5 A. Which we do.

6 Q. And one of those other obligations is you can't
7 just turn it off or hand over the keys and say
8 "I'm done with this", you get that, right?

9 A. I suppose.

10 Q. Well, I mean --

11 A. Well, it transfers at some point.
12 Everything -- Public Service is now
13 "Eversource". There was a day it transfers.
14 So, it's not cast in stone.

15 Q. Sure. But someone else is -- I mean, that
16 actually is one company. But, yes, companies
17 change hands and somebody else is doing it.
18 But it's not like one of these companies can
19 just say "I'm done", right?

20 A. Oh, I realize that, or I'd have been done.

21 Q. I get that feeling. But one of the things that
22 has to happen here is that, and I think you
23 know this, is that your customers are owed the
24 protection of the continued safe and reliable

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[WITNESS: Oliver]

1 service throughout, right?

2 A. Absolutely. And that is exactly -- you won't
3 find that we have not fulfilled any health or
4 safety obligation out there ever. Ever.

5 Q. And I get that. I get that.

6 A. So, like I said, we're a "water guy", we're not
7 a "paper guy". And, if we have to beg and get
8 these things in late and then apologize and go
9 "oh, I'm very sorry." And all I can say is we
10 can try harder.

11 Q. Well, I think Commissioner Bailey alluded to
12 it, and I think you may have heard it from
13 others, you can actually charge your customers
14 a little more?

15 A. Yes. But I can't. I have to come here. We
16 have to have a public hearing. We have to go
17 through all this jazz to charge a little bit
18 more, of which I have to pay -- I have to pay
19 to get that done. And it doesn't pay to get
20 that done.

21 Q. Well, I think it -- I'm going to suggest to you
22 that it might make sense, after this is done,
23 this is settled out and we figured out whatever
24 is going to happen here, if you were to talk to

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[WITNESS: Oliver]

1 Mr. Naylor or Ms. Descoteau or someone else in
2 the Water Division about how you might go
3 forward in a way that isn't going to require a
4 massive upfront commitment, but might get you
5 in a more stable place going forward. Or, get
6 your company in a situation where it's either
7 more attractive to be sold or ready to be sold,
8 in a way that's going to work for everyone.

9 And that's just a suggestion. And, you
10 know, it's not even a question you need to
11 respond to.

12 A. All right.

13 Q. I want to ask you about something you said
14 about the decision not to send out the first
15 order, the one that said -- that was really
16 about the failure to file the annual reports.
17 I think you said, I didn't write it down, I
18 think you said you "didn't feel that would do
19 any good". Is that -- wouldn't be -- do you
20 remember exactly what you said? I think it was
21 something like "I didn't feel like that would
22 do anybody any good"?

23 A. Yes. I think I probably said something like
24 that, that it wouldn't do any good, and it

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[WITNESS: Oliver]

1 would just cause confusion. You're mad at me,
2 you're not mad at them. So, there are three
3 customers right there.

4 Q. Right. And, --

5 A. Why are you upsetting their life by the fact
6 that I didn't turn that piece of paper in on
7 time?

8 Q. I think, as Mr. Clifford said, one of the cool
9 things is, we don't -- we get to ask the
10 questions today. This is how this process
11 works.

12 A. Yes.

13 Q. But you do understand that, when you get an
14 order from the entity that regulates the
15 relationship between you and your customers,
16 and that order directs you to say something or
17 tell something to your customers, you're
18 required to do it? Do you understand that?

19 A. I do now.

20 Q. Now, with respect to the decision whether to
21 fine you for your decision not to send that
22 out, why shouldn't we fine you for doing that,
23 for choosing not to send that notice out?

24 A. Well, that's a pretty small infraction of -- in

[WITNESS: Oliver]

1 the big, general picture of life. And, you
2 know, we don't -- we don't have any quality or
3 safety issues. But you may decide to fine me,
4 and I can't -- I can't say.

5 CHAIRMAN HONIGBERG: I don't think I
6 have any other questions.

7 Mr. Clifford, do you have any more
8 questions for Mr. Oliver at this time?

9 MR. CLIFFORD: Not at this time.

10 CHAIRMAN HONIGBERG: All right. Mr.
11 Oliver, what's going to happen next, I think --
12 Mr. Clifford, do you have any other witnesses?

13 MR. CLIFFORD: I do not have any
14 other witnesses to call.

15 CHAIRMAN HONIGBERG: All right. Mr.
16 Oliver, you're going to have a chance to put
17 together whatever documents, or if you have --
18 and some of these people may be here to speak
19 for you, on your behalf, I don't really know,
20 and explain to us what we should do in response
21 to the notices, the orders that have been
22 issued.

23 Are you in a position to do that this
24 second or do you want five minutes to collect

[WITNESS: Oliver]

1 your thoughts or what do you need?

2 WITNESS OLIVER: For doing what now?

3 CHAIRMAN HONIGBERG: For you to give
4 yourself a chance to put forward whatever
5 documents or information you have or whatever
6 testimony you want to provide that states your
7 case, basically, as to what we should do about
8 the franchise, about the decisions you've made
9 not to file your annual reports on time, and
10 the decision not to send out the notice.

11 I mean, maybe you feel like you've
12 already said everything you need to say, I
13 don't know.

14 WITNESS OLIVER: Well, I think I
15 have. I think that, as far as the franchise,
16 whether you take it away or not, I don't know
17 who you're going to get and how this is going
18 to transfer over. But, if I keep the
19 franchise, everything goes on, the price stays
20 the same. There's no problems. The water
21 stays the same. It would be, to me, suicide to
22 change owners without having a proper change of
23 owner. And that does not do the public any
24 good to -- you can slap my hand, but I'm

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[WITNESS: Oliver]

1 willing to continue to run the Company, as I
2 have in the past two years. We've been trying
3 for the past two years to sell this. And I
4 know Mark will tell you the same, that we've
5 asked him of who might possibly be a person to
6 contact. And, so, this has been known and
7 known by the people. And we've tried to get
8 them to buy it, the people on the island, so
9 that they do have control, and they have
10 control over the money. They have control
11 over, for instance, the first thing they're not
12 going to have to pay is an accountant to do the
13 bookkeeping for the PUC report. And which
14 amounts to -- well, we won't go into the math
15 about what it amounts to.

16 So, I don't see that there's any
17 advantage to taking that away. But you -- I'm
18 not going to argue with anybody over anything.
19 It's just -- the world just turns by itself.

20 CHAIRMAN HONIGBERG: I think you said
21 that you brought some documents with you.

22 WITNESS OLIVER: I did.

23 CHAIRMAN HONIGBERG: You brought
24 annual reports, and you mentioned something

[WITNESS: Oliver]

1 else, I've forgotten exactly what it was. You
2 said --

3 WITNESS OLIVER: No, I brought the
4 annual reports. Oh, I also brought the -- but
5 I'm not going to -- you're welcome to look at
6 them. But they're -- we're trying to sell it
7 to the people and ask them what their feeling
8 was on the -- as far as buying it and operating
9 it. And that was 50/50.

10 CHAIRMAN HONIGBERG: Do you want to
11 put any of those documents into the record in
12 this proceeding?

13 WITNESS OLIVER: No. I don't think
14 there's any advantage.

15 CHAIRMAN HONIGBERG: What about the
16 annual reports? Do you think it would be --

17 WITNESS OLIVER: Well, would you like
18 to see them? I mean --

19 CHAIRMAN HONIGBERG: I think what --

20 WITNESS OLIVER: Or would you like to
21 see them?

22 CHAIRMAN HONIGBERG: Hang on. Hang
23 on.

24 WITNESS OLIVER: Yes.

[WITNESS: Oliver]

1 CHAIRMAN HONIGBERG: And let me ask
2 Mr. Clifford or Mr. Naylor. What Mr. Oliver
3 says he's brought here, would you want to take
4 a look at what he's brought before -- as part
5 of the proceeding that we're in right now? Do
6 you think we should be seeing what Mr. Oliver
7 has brought? Why don't you confer.

8 *(Atty. Clifford conferring with*
9 *Director Naylor.)*

10 MR. CLIFFORD: Yes. We think it
11 would be helpful to have the Commission -- have
12 those documents laid before the Commission
13 today.

14 CHAIRMAN HONIGBERG: We think so,
15 too.

16 So, what we're going to do, when we
17 break, we're going to not end the hearing, but
18 we're going to break for a few minutes, after
19 we're done talking with Mr. Oliver, and then
20 give you a chance to get those documents out.
21 If there are copies that need to be made, we'll
22 have copies made. And, then, we'll see what
23 makes sense to do next.

24 I think, after that break, it will

[WITNESS: Oliver]

1 be -- we'll give an opportunity for those who
2 have come, if they want to say something, to
3 say something.

4 In terms of process, before the
5 other -- I'm not sure if Commissioner Scott or
6 Commissioner Bailey has anything they want to
7 ask Mr. Oliver, what other process points do we
8 need to touch on, Mr. Clifford?

9 MR. CLIFFORD: Well, one process
10 point would be, assuming those documents are
11 originals that are filed today, are we in a
12 position to accept those on behalf of the
13 Commission at this hearing?

14 CHAIRMAN HONIGBERG: I think
15 everything would be conditional on --

16 MR. CLIFFORD: Okay.

17 CHAIRMAN HONIGBERG: -- on something.
18 And we may need to keep the record open for
19 this proceeding, for you to -- for Staff to
20 have an opportunity --

21 MR. CLIFFORD: Exactly.

22 CHAIRMAN HONIGBERG: -- to comment on
23 what's been filed. Anything else that we need
24 to think about, in terms of process?

[WITNESS: Oliver]

1 MR. CLIFFORD: Other than having the
2 folks that are here heard, I can't think of
3 anything at the moment.

4 CHAIRMAN HONIGBERG: All right.
5 Let's see if we can bring the conversation with
6 Mr. Oliver to a close. Commissioner Scott, do
7 you have any other questions? Commissioner
8 Bailey?

9 COMMISSIONER BAILEY: Just one.

10 CHAIRMAN HONIGBERG: Sure.

11 BY COMMISSIONER BAILEY:

12 Q. Who, other than the customers, have you talked
13 with about buying the Company?

14 A. Can you -- what's Bob's name, in Connecticut?

15 CHAIRMAN HONIGBERG: Mr. Naylor, it
16 seems like Mr. Oliver may need your assistance
17 in refreshing his memory as to something. Are
18 you in a position to perhaps help the witness
19 out here?

20 MR. NAYLOR: Yes, I am.

21 CHAIRMAN HONIGBERG: Why don't you do
22 so.

23 MR. NAYLOR: I believe it was
24 Mr. Vaughan, at Abenaki Water Company.

[WITNESS: Oliver]

1 WITNESS OLIVER: Right. That's
2 right.

3 BY COMMISSIONER BAILEY:

4 Q. And did they express an interest?

5 A. Yes. But they, as I said, they want to -- they
6 want to get it all done at once. They want to
7 go -- they want to run the Company for three
8 months, and then they'll have a list of
9 everything they need to change. And, then,
10 they're going to -- they want to present to the
11 Commission the price, the change, and get the
12 rate increase all at once. And I said "Well, I
13 don't think that will work, number one. And,
14 number two, you can -- the key is right there.
15 You can come in any time you want." I have met
16 him, and I have met his New Hampshire person.
17 And I think they're both pretty upstanding
18 guys. But I'm going to do the water testing.

19 Now, they can test all the water they
20 want. The test results are public information.
21 But we're not going to have, and they're
22 welcome to come along and watch me fill the
23 bottles and all that, but I'm just kind of a
24 skeptic. And the one way to make a water

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[WITNESS: Oliver]

1 system worth absolutely zero is put a drop of
2 water with spit in the bottle. And we're
3 just -- I'm responsible, the testing is what --
4 I mean, this is paper, and this doesn't --
5 nobody's choking, nobody's dying, there are no
6 birth defects. You know, this is just -- but
7 the water is pretty important to me. And we do
8 the testing and we take that very seriously.
9 And we seem to fall apart at that point. And
10 I'm not sure why.

11 COMMISSIONER BAILEY: Okay. Thank
12 you.

13 CHAIRMAN HONIGBERG: All right. Mr.
14 Oliver, is there anything you want to add at
15 this point? We're going to take a break as
16 soon as we're done with what we're doing this
17 second.

18 WITNESS OLIVER: Uh-huh.

19 CHAIRMAN HONIGBERG: To give you an
20 opportunity to collect those documents. And,
21 when we come back, the members of the public
22 who are here will have an opportunity to speak.

23 But is there anything else you want
24 to add right now?

1 WITNESS OLIVER: No.

2 CHAIRMAN HONIGBERG: Okay. So, we're
3 going to break for probably 15 minutes, for you
4 to get those documents out, speak with Mr.
5 Naylor and Mr. Clifford about what copies need
6 to be made, and marked. And, then, we'll be
7 back and see where we go from there.

8 WITNESS OLIVER: Good.

9 CHAIRMAN HONIGBERG: I'm sorry, I'm
10 going back on the record before the break. The
11 sign-in sheet, three people signed in, and we
12 have your information. I know a fourth person
13 came in. I've added a column to the sign-in
14 sheet, indicating, on the far right, and asking
15 people to say whether they wish to speak "yes"
16 or "no". So, I want to provide a little bit of
17 some guidance for me when I get back.

18 So, I'll ask the fourth person to
19 sign in, and I'll ask all four of you to
20 indicate "yes" or "no" whether you wish to
21 speak.

22 So, now, we're going to break for 15
23 minutes.

24 *(Recess taken at 11:15 a.m. and*

[WITNESS: Oliver]

1 *the hearing resumed at 11:42*
2 *a.m.)*

3 CHAIRMAN HONIGBERG: Mr. Clifford,
4 what can you tell me?

5 MR. CLIFFORD: We have one
6 housekeeping thing that we'd like to cover up,
7 is that we'd move for the admission of the
8 Exhibits 2 through 4. Earlier, I moved for the
9 first one, and you accepted it. So, we've got
10 2 through 4.

11 And, then, I think we'd like to call
12 Mr. Oliver back to the stand.

13 CHAIRMAN HONIGBERG: All right.
14 Mr. Oliver, I assume there's no objection on
15 Exhibits 2 through 4 becoming full exhibits?

16 MR. OLIVER: No.

17 CHAIRMAN HONIGBERG: All right. So,
18 we'll strike on those.

19 [Exhibits 2 through 4 ID struck
20 and entered as full exhibits.]

21 CHAIRMAN HONIGBERG: And, sorry,
22 you'd like to call Mr. Oliver back to the
23 stand?

24 MR. CLIFFORD: I think I'd like to

[WITNESS: Oliver]

1 call Mr. Oliver back to the stand, now that we
2 have a few more documents to put on the record.

3 CHAIRMAN HONIGBERG: All right. Mr.
4 Oliver, why don't you resume your position in
5 the witness box.

6 BY MR. CLIFFORD:

7 Q. So, Mr. Oliver, you have before you what's been
8 marked for the Commission purposes as
9 Exhibit -- I believe we're up to "5" here,
10 that's a 2014 Annual Report?

11 A. Okay.

12 Q. Okay. If you want to just turn to, again,
13 Page 3 of that report. Looking at that, I have
14 the original here at the table. But I just
15 want to confirm that that's your signature,
16 you're swearing under oath that the numbers
17 contained in this F-16 Water Report for Bow
18 Lakes Estates Water Works for the year ended
19 December 31st, 2014, is true and accurate to
20 the best of your information and belief?

21 A. Yes, it is.

22 Q. And is it your intention that we should take
23 the original you've provided to us and have --
24 do you intend to file that with the Commission

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[WITNESS: Oliver]

1 today?

2 A. Yes.

3 Q. At the close of the proceeding?

4 A. Yes.

5 Q. Okay. Thank you. If you would look at the
6 Annual Report, Exhibit -- excuse me, Exhibit 6,
7 it's been marked as "Exhibit 6", it's the 2015
8 Annual Report. On Form F-16, and just turn to
9 Page 3 again. Can you see where you -- is that
10 your signature on Page 3?

11 A. Yes.

12 Q. And you're verifying the truth and veracity of
13 the Bow Lakes Annual -- excuse me, Bow Lakes
14 Estates Water Works, Incorporated, Annual
15 Report for 2015?

16 A. Yes.

17 Q. And is it your intent that the original of this
18 Form F-16 will be filed with the Commission at
19 the close of this proceeding today?

20 A. Yes. Yes.

21 Q. Okay. And I just want to go and ask you a
22 couple more questions. You do realize that the
23 2014 report and the 2015 report were due March
24 31st of 2015 and March 31st of 2016,

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1 respectively, for each of those reports?

2 A. Right.

3 Q. You're aware of that?

4 A. Yes.

5 MR. CLIFFORD: At this time, I do not
6 have any other questions of Mr. Oliver.

7 CHAIRMAN HONIGBERG: Commissioner
8 Scott, do you have any questions?

9 COMMISSIONER SCOTT: No.

10 CHAIRMAN HONIGBERG: Commissioner
11 Bailey?

12 COMMISSIONER BAILEY: No.

13 CHAIRMAN HONIGBERG: All right. I
14 have no questions. Mr. Oliver, you can return
15 to your seat.

16 MR. CLIFFORD: So, if there are no
17 objections, we would just like to move the
18 admission of Exhibits 5 and 6.

19 CHAIRMAN HONIGBERG: Seeing no
20 objections, they will be full exhibits.

21 *[Exhibits 5 and 6 ID struck and*
22 *entered as full exhibits.]*

23 CHAIRMAN HONIGBERG: All right.

24 Before you each have a chance to sum up, I

1 think it would be appropriate to hear from -- I
2 see -- I guess only one member of the public
3 would like to speak. This sign-up sheet will
4 become part of our record in this proceeding,
5 so everyone who is here will be noted.

6 But it looks like Anne Young would
7 like to speak.

8 MS. YOUNG: Yes.

9 CHAIRMAN HONIGBERG: Do you have a
10 microphone in front of you?

11 MS. YOUNG: Yes, I do.

12 CHAIRMAN HONIGBERG: All right. Why
13 don't you go ahead.

14 MS. YOUNG: Okay. I think what we've
15 heard this morning from Mr. Oliver is very
16 clear. And, from our standpoint, he brought up
17 all the issues that I think the residents of
18 Bow Lake Estates are concerned about.

19 He is not an accountant, that is for
20 sure. But the water quality has always been
21 good. But, to our frustration, the system does
22 not have a generator on it. Many of us are
23 willing to pay for that, you know, expense to
24 be added.

1 And I also think that many of us
2 would feel comfortable with this system being
3 given over to a company who would perhaps run
4 it with higher costs, but at least provide
5 things, like a generator, and continued good
6 quality water.

7 CHAIRMAN HONIGBERG: All right.
8 Thank you, Ms. Young. Am I correct you feel
9 you're speaking for the other members of the
10 public who came here today?

11 MS. YOUNG: I can say from only a
12 limited number, because I certainly did not
13 talk to every member of the 44 people that use
14 this well.

15 CHAIRMAN HONIGBERG: Okay. Thank
16 you.

17 Normally, the way this came to us,
18 Mr. Oliver would go first and Staff would go
19 second. But, I think, given where we are, I
20 think I'd like you to go first, Mr. Clifford,
21 as you sum up and explain what it is you think
22 we should do now.

23 MR. CLIFFORD: In summation, I wasn't
24 of the impression that we were going to get

1 these reports today. But I do think that the
2 Commission ought to take note that there has
3 been some recalcitrance on behalf of this
4 particular utility in the past. We've heard
5 some conflicting testimony about whether we
6 will get these in a timely fashion in the
7 future.

8 I think we need to be sure that
9 this -- we're not sitting here next year at the
10 same time waiting for the same reports. But we
11 have heard some testimony that seems to
12 indicate that there's a new accountant engaged.
13 And, perhaps with some continuity and some
14 forethought, we may be able to get these
15 reports in earlier.

16 They're not that complicated, I
17 think, if the proper person is put in charge of
18 filing them. They're just simple balance sheet
19 operating statement reports.

20 But I do think the Commission needs
21 to take note that we are here because of the
22 recalcitrance of Mr. Oliver in particular. So,
23 I think -- I don't have any particular number
24 in mind, but I do think it important enough

1 that the Commission take note of that. We do
2 have members of the public that have come out,
3 taken time out of their day. They've actually
4 finally found out that these reports hadn't
5 been timely filed, and our Staff has not had an
6 opportunity to look at them now for two years
7 on end, to ensure the public safety and public
8 trust.

9 So, that being said, that's where we
10 would come out.

11 CHAIRMAN HONIGBERG: Mr. Oliver, what
12 should we do?

13 MR. OLIVER: I think we ought to
14 break for lunch.

15 CHAIRMAN HONIGBERG: Well, we're
16 going to be done, as soon as -- whatever you
17 have to say to us right now is probably going
18 to be the last word.

19 MR. OLIVER: Okay. Well, I think
20 that, you know, if you look, other than at the
21 paperwork, the Company has -- we have no
22 problems, we have no problems with our
23 customers.

24 As far as the paperwork, I think

1 slaps on the hands, that kind of thing, is --
2 it's like writing, you know, "I'll file" --
3 "I'll file this on time next year", I'm going
4 to write it 100 times after work on the
5 school -- on the chock board there. I think a
6 lot of this is just, if we're going to do it,
7 we're going to do it, and I will tell you that
8 we will try to do that.

9 And I'm not going to promise we can
10 do that, because I can fill this form out.
11 But, when it comes to depreciation, and Mr.
12 Clifford, I'm sure, if he sat here and read
13 this, and I gave him a blank, I think he'd draw
14 a blank at it, too. This is quite a
15 bean-counting challenge. And, so, where it's
16 something I don't have any direct control over,
17 I'm not going to promise it. But I will tell
18 you that we will make every effort in getting
19 that resolved for next year.

20 That's all I'm going to say about the
21 other things that we've talked about today, in
22 ownership and costs and meetings and that sort
23 of thing, I'm going to just let drop.

24 CHAIRMAN HONIGBERG: Okay. Well,

1 thank you all. I want to thank the members of
2 the public who did come here this morning.

3 And, with that, we will adjourn and
4 issue an order as quickly as we can. Thank you
5 all.

6 ***(Whereupon the hearing was***
7 ***adjourned at 11:51 a.m.)***

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