

1 **STATE OF NEW HAMPSHIRE**
2 **PUBLIC UTILITIES COMMISSION**

3
4 **May 3, 2021 - 1:04 p.m.**

5
6 *[Remote Hearing conducted via Webex]*
7

8 **RE: DW 20-187**
9 **LAKES REGION WATER COMPANY, INC.:**
10 Request for Change in Rates.
11 ***(Prehearing conference)***

12 **PRESENT:** Chairwoman Dianne H. Martin, Presiding
13 Cmsr. Kathryn M. Bailey

14 Jody Carmody, Clerk
15 Corrine Lemay, PUC Remote Hearing Host

16 **APPEARANCES:** **Reptg. Lakes Region Water Company, Inc.:**
17 Justin C. Richardson, Esq.
18 *(From NH Water Law)*

19 **Reptg. Lake Ossipee Village Homeowners:**
20 Carol Stansell

21 **Reptg. PUC Staff:**
22 Christopher R. Tuomala, Esq.
23 Jayson Laflamme, Asst. Dir./Gas & Water
24 David Goyette, Gas & Water Division
 Douglas Brogan, Engineering Consultant

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

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P R O C E E D I N G

CHAIRWOMAN MARTIN: We're here this afternoon in Docket DW 20-187 for a prehearing conference regarding the Lakes Region Water Company, Incorporated, request for change in rates.

I have to make the findings because this is a remote hearing.

As Chairwoman of the Public Utilities Commission, I find that due to the State of Emergency declared by the Governor as a result of the COVID-19 pandemic, and in accordance with the Governor's Emergency Order Number 12, pursuant to Executive Order 2020-04, this public body is authorized to meet electronically. Please note that there is no physical location to observe and listen contemporaneously to this hearing, which was authorized pursuant to the Governor's Emergency Order.

However, in accordance with the Emergency Order, I am confirming that we are utilizing Webex for this electronic hearing. All members of the Commission have the ability to communicate contemporaneously during this

1 hearing, and the public has access to
2 contemporaneously listen and, if necessary,
3 participate. We previously gave notice to the
4 public of the necessary information for accessing
5 the hearing in the Order of Notice. If anybody
6 has a problem during the hearing, please call
7 (603)271-2431. In the event the public is unable
8 to access the hearing, the hearing will be
9 adjourned and rescheduled.

10 Okay. We have to take a roll call
11 attendance of the Commission. My name is Dianne
12 Martin. I am the Chairwoman of the Public
13 Utilities Commission. And I am alone.

14 Commissioner Bailey.

15 COMMISSIONER BAILEY: Good afternoon,
16 everyone. Kathryn Bailey, Commissioner at the
17 Public Utilities Commission. And I am alone.

18 CHAIRWOMAN MARTIN: Now, let's take
19 appearances. For Lakes Region first, please.

20 MR. RICHARDSON: Thank you, Madam
21 Chair.

22 Justin Richardson, with New Hampshire
23 Water Law, here for Lakes Region Water Company.
24 And with us here today is Leah Valladares, who's

1 the Utility Manager, and Tom Mason, who I see
2 just below me, and they can introduce themselves
3 as well.

4 Thank you.

5 CHAIRWOMAN MARTIN: Okay. Go ahead, if
6 you would like to introduce yourself.

7 MS. VALLADARES: Leah Valladares, Lakes
8 Region Water Company, Utility Manager.

9 MR. MASON: Tom Mason, Lakes Region
10 Water, President.

11 CHAIRWOMAN MARTIN: Okay. Thank you.
12 And I see we don't have OCA today. I'm sorry,
13 Mr. St. Cyr, go ahead. I just saw you in the
14 corner of my screen.

15 MR. ST. CYR: I wasn't quite sure
16 whether Justin was going to introduce me or not.
17 But I'll just introduce myself.

18 My name is Stephen P. St. Cyr. I am
19 the rate consultant for Lakes Region Water
20 Company. And happy to join everybody.

21 CHAIRWOMAN MARTIN: Okay. Thank you
22 for that.

23 We don't have OCA today, as far as I
24 can see. Right, Mr. Tuomala?

1 MR. TUOMALA: That's correct, Madam
2 Chairwoman. The OCA never filed a letter of
3 participation in this docket.

4 CHAIRWOMAN MARTIN: Okay. Great. And,
5 so, let's here from you for an appearance.

6 MR. TUOMALA: Thank you again, Madam
7 Chairwoman. Good afternoon to you and
8 Commissioner Bailey.

9 My name is Christopher Tuomala. I am a
10 Staff Attorney here at the New Hampshire Public
11 Utilities Commission. With me today in the
12 audience is Jayson Laflamme. He is the Assistant
13 Director of the Gas and Water Division. Along
14 with him is David Goyette. He's a Utility
15 Analyst in the same division. And we also have
16 Doug Brogan, Staff's engineering consultant, in
17 the audience.

18 Thank you.

19 CHAIRWOMAN MARTIN: Okay. Thank you.
20 And we have a Petition to Intervene from Lake
21 Ossipee Village Homeowners. Do we have someone
22 here to speak for them today?

23 MS. STANSELL: Yes. My name is Carol
24 Stansell. And I am here to represent the Lake

1 Ossipee Village Homeowners.

2 CHAIRWOMAN MARTIN: Okay. Thank you.

3 All right. For preliminary matters, we
4 have that Motion to Intervene. Is there any
5 objection to the motion?

6 MR. RICHARDSON: Thank you, Madam
7 Chair. There is no objection from Lakes Region
8 Water Company. I believe we filed a statement to
9 that effect, but I do not see it on the
10 docketbook. But I think it went out a little bit
11 late out of time. We had it on the list to do it
12 since we weren't objecting. We did just file
13 comments in response.

14 We look forward to working with the
15 intervenors, Staff, and all of the other
16 interested parties.

17 CHAIRWOMAN MARTIN: Okay. Thank you
18 for that. Mr. Tuomala.

19 MR. TUOMALA: Thank you, Madam
20 Chairwoman.

21 Staff doesn't have an objection. But,
22 if you mind, just for a minute, I wanted to go
23 through a request that Staff has regarding the
24 Motion for Intervention -- excuse me, the

1 Petition for Intervention.

2 In Staff's review, it's our
3 understanding that there's a group of upwards of
4 100 homeowners or residents in the Lake Ossipee
5 Village seeking intervention. According to Page
6 2 of that Petition, the Lake Ossipee Village is
7 defined as "an unorganized group (no homeowners
8 association) of roughly 225 homes served by Lakes
9 Region." On that good faith representation,
10 Staff believes that the residents of that
11 unorganized group are ratepayers of Lakes Region.
12 And, as such, Staff recognizes that they have the
13 right to intervene pursuant to the mandatory
14 provision of intervention of 541-A:32, I. And
15 Staff also doesn't oppose the proposed
16 organization of the potential intervenors in that
17 motion.

18 But Staff does request some
19 clarification for the record. It is Staff's
20 understanding -- if Staff's understanding is
21 correct here, there are indeed over 100 requested
22 interventions organized in a group with five
23 representatives. And, if that's true, Staff
24 would ask that the Commission -- would ask the

1 Commission's leave to request that the potential
2 intervenors submit a written list of those
3 intervenors they represent, and to recognize and
4 distinguish the representative homeowners within
5 that unorganized group from the other homeowners
6 in the Lake Ossipee Village that are not
7 represented by this group. Staff believes that a
8 master list, a list of all the intervenors would
9 help in future and hopeful settlement
10 negotiations, to be able to distinguish between
11 duly recognized parties and participants and
12 non-recognized parties.

13 And then, Staff would also like to note
14 that the attachments to that Petition for
15 Intervention included signatory pages, most of
16 which follow the same format, but there were a
17 few which were e-mails that did not include a
18 specific overt request for intervention, namely
19 those of John and Elizabeth Coughlin, Sandra and
20 Neal Boyle, and Frank Casey.

21 The Staff would also like to request
22 that if they are indeed proposed -- would request
23 the proposed intervenors to verify that those
24 individuals are indeed seeking a request for

1 intervention and include their name on the list,
2 if so.

3 Thank you.

4 CHAIRWOMAN MARTIN: Okay.

5 Ms. Stansell, can you speak to that? Or, first,
6 I think would be, are all of the people
7 referenced in the Petition ratepayers of this
8 water company?

9 MS. STANSELL: Yes, Madam Chairwoman.
10 They are all ratepayers of this. I can certainly
11 provide a master list. The page that -- the
12 signatory pages that went out went to all 200 --
13 well, went to roughly 225 of the homeowners.
14 There are other lots in here that are vacant and
15 have no current water service, so I did not
16 include them. But I can clear -- I can provide a
17 list of all of them, and indicate on that list
18 who has responded to our petition, our request to
19 petition, and who has not.

20 Is there anything else that you would
21 like on that list?

22 CHAIRWOMAN MARTIN: Mr. Tuomala, is
23 that sufficient for your purposes?

24 MR. TUOMALA: Yes, Madam Chairwoman. I

1 just wanted a list to identify that this group is
2 indeed representing the additional intervenors
3 that may or may not participate, just for future
4 reference. So that, if somebody does show up at
5 a technical session, that I know that they are a
6 duly notified and recognized intervenor in the
7 proceeding. That is sufficient. Thanks.

8 MS. STANSELL: Okay. Thank you.

9 CHAIRWOMAN MARTIN: Then, we will order
10 that that be provided. And, to the extent
11 there's any need to clarify, perhaps you could
12 discuss that during the technical session today.

13 Okay. Any -- oh, Mr. Richardson, I see
14 your hand. Go ahead.

15 MR. RICHARDSON: Thank you, Madam
16 Chair. I noted also that the -- and we certainly
17 don't mind as many e-mail addresses on the
18 service list as possible, it's a great way to get
19 information out. There were two participants who
20 did not have e-mail, which then requires all of
21 the parties to submit copies to by First-Class
22 Mail.

23 And I'm wondering if it's possible if
24 the intervenors could maybe coordinate. I see

1 the names are Carol Ames and Donald and Patricia
2 Boyington. And I'll just ask, while we're on the
3 record, if there's a way that maybe those members
4 could be represented by the group, but working
5 with people who have e-mail, so that we don't
6 have to incur the expense of mailing discovery
7 responses and things like that, which can be a
8 little bit larger?

9 CHAIRWOMAN MARTIN: Ms. Stansell.

10 MS. STANSELL: Thank you, Attorney
11 Richardson.

12 There was some confusion when these
13 service lists that you're referring to was
14 created. The only names that were to be on --
15 that were supposed to be on the service list were
16 the five of us who signed the actual Petition to
17 Intervene. The rest were simply to show that we
18 had support from our homeowners.

19 So, to my knowledge, that service list
20 has now been corrected, to include three names
21 for Lake Ossipee Village. And then, I and my
22 other two neighbors who are involved in this will
23 reach out to all of those who have contacted us,
24 and let them know updates as they happen.

1 MR. RICHARDSON: Thank you. That would
2 be very helpful. I appreciate your doing that.
3 So, I think that addresses that concern.

4 CHAIRWOMAN MARTIN: Mr. Tuomala, do you
5 want to be heard on that? Do you have any
6 issues?

7 MR. TUOMALA: I don't have any issues.
8 I guess the only question that I would have is,
9 if indeed all of the signatories within the
10 attachment are duly recognized intervenors, how
11 you would go about not modifying the service list
12 to include every individual intervenor.

13 Unless we could, by agreement, say that
14 the three email addresses that are the elected
15 representatives of that group is sufficient on
16 the service list. But I'd have to defer to the
17 Commission for a ruling on that, and whatever the
18 legal procedure is for making sure that a duly
19 recognized intervenor gets the information that
20 they're supposed to during the course of the
21 investigation.

22 CHAIRWOMAN MARTIN: Commissioner
23 Bailey, I saw your hand up.

24 COMMISSIONER BAILEY: Thank you. My

1 issue is sort of the same, I think.

2 Ms. Stansell, are you -- is your
3 Petition to Intervene asking that we grant you
4 and the other two people, the Masse family and
5 the Hadley family, intervention, and that all the
6 other people are not petitioning to intervene?

7 MS. STANSELL: Yes. This is kind of a
8 learning process for me. We are, the three
9 families, are petitioning to intervene on behalf
10 of the rest of the signatories.

11 So, if we need to change our format in
12 that regard, we will gladly do so. The names --
13 the signatory pages that were sent along were
14 simply to show support for our written Petition.
15 And these people have contacted us to say "yes,
16 we do support it."

17 COMMISSIONER BAILEY: Thank you.

18 MS. STANSELL: Thank you.

19 CHAIRWOMAN MARTIN: I think the
20 question comes down to, this is filed as "Lake
21 Ossipee Village Homeowners Petition for
22 Intervention." And, so, the Commission will look
23 at the question that was just raised and issue an
24 order, as Attorney Tuomala pointed out.

1 And, so, for that, and the other
2 reasons we just discussed, we'll take the request
3 under advisement, but we will ask that, for
4 purposes of today's prehearing conference and the
5 technical session, that they be treated as a
6 intervening party. Okay? Anything else on that?

7 *[No verbal response.]*

8 CHAIRWOMAN MARTIN: Okay. Any other
9 preliminary matters?

10 MS. STANSELL: Thank you.

11 CHAIRWOMAN MARTIN: You're welcome.

12 Okay. Seeing none, then let's start
13 with Lakes Region on your initial position
14 please.

15 MR. RICHARDSON: Thank you,
16 Commissioners, Madam Chair. This is a relatively
17 short -- relatively straightforward case. Lakes
18 Region was last in for a rate adjustment in a
19 2015 case, based on a 2014 test year. A number
20 of years have gone by. So, we're asking for a
21 consolidated increase that's effectively 18.1
22 percent. That represents an increase of between
23 2 and 3 percent per year. It is a fairly modest
24 request, in our view. There's been a lot of

1 changes. There's been a couple of new systems
2 proposed.

3 And, so, one of the key issues that we
4 expect to work with the Staff and the parties on
5 in this case is the issue of rate consolidation.
6 And we think consolidation is important for Lakes
7 Region's customers and important for the Company.
8 There are currently nineteen systems that they
9 operate, that are all separate systems in
10 different areas, different service territories.
11 And consolidation makes it much easier for the
12 Company to operate these systems together. It
13 makes having a rate case a lot simpler and more
14 straightforward, which, in turn, reduces costs
15 that ultimately get passed onto customers.

16 But we definitely look forward to going
17 through this process, evaluating all of the
18 issues, and with the goal of coming out with a
19 rate that is just and reasonable. We're
20 confident that we can do that in this case.

21 CHAIRWOMAN MARTIN: Okay. Thank you,
22 Mr. Richardson.

23 Ms. Stansell, did you plan to make an
24 initial position statement?

1 MS. STANSELL: Excuse me?

2 CHAIRWOMAN MARTIN: Did you plan to
3 speak to present your position, initial position
4 on the case?

5 MS. STANSELL: Today, I did not,
6 because the Petition has not yet been granted.

7 CHAIRWOMAN MARTIN: Okay. If you'd
8 like to be heard, you can speak now. Otherwise,
9 I'll move on to Staff.

10 MS. STANSELL: Thank you. I will defer
11 to you and let the Staff continue.

12 CHAIRWOMAN MARTIN: Okay. Thank you.
13 Mr. Tuomala.

14 MR. TUOMALA: Thank you again, Madam
15 Chairwoman.

16 Staff has begun its preliminary review
17 of the Company's rate filing. Staff notes that
18 the Company is requesting a temporary and
19 permanent rate increase. And, as Attorney
20 Richardson said, it also includes a request for a
21 consolidation of rates, and, in the alternative,
22 a permanent rate increase to its individual
23 system groups. Staff also notes that the Company
24 has requested a 0.25 percent return on equity

1 adder for what it deems as "exemplary
2 performance".

3 Staff looks forward to working with the
4 Company and intervenors at the technical session
5 to follow this prehearing conference, to address,
6 among other things, a procedural schedule to
7 submit for the Commission's approval.

8 Thank you.

9 CHAIRWOMAN MARTIN: Thank you,
10 Mr. Tuomala. Commissioner Bailey.

11 COMMISSIONER BAILEY: Thank you. I
12 have a question for Mr. Richardson.

13 Mr. Richardson, did I hear you say it
14 was a 2 percent rate increase?

15 Because I'm just doing some quick math
16 here, and it looks like 11 percent just for the
17 -- for the non-consumption charges, if you don't
18 consolidate, and it may be more, if you do
19 consolidate.

20 MR. RICHARDSON: Thank you,
21 Commissioner Bailey. My answer is, you may have
22 heard me say it, but it's not what I meant to say
23 or thought that I said. What I was saying was is
24 that the overall increase is approximately 18

1 percent on a consolidated basis. That was what
2 we had filed in our original Notice of Intent. I
3 believe the Order of Notice reflects that.

4 But I was saying that, in the six or
5 seven years since the test year, which was 2014,
6 in which Lakes Region's rates were based on when
7 they were set in Docket 2015-205. We're looking
8 for an 18 percent increase above that, and that
9 amounts to an increase of between 2 and 3 percent
10 per year, if you were to look at historically
11 where the rates were and how we got to where we
12 are.

13 So, I was giving that as a basis for
14 comparison. It's been six or seven years since
15 the last time the rates were examined, based on
16 that 2014 test year. I'm sorry for the confusion
17 on that point.

18 COMMISSIONER BAILEY: Thank you. So,
19 you mean 2 percent a year for each of the years
20 that you haven't had a rate increase?

21 MR. RICHARDSON: Correct. That's what,
22 if you were to look at how Lakes Region's costs
23 have changed over time, to go from 2014 test year
24 to a 2019 test year, but now we're in 2021. So,

1 we'd be setting -- that increase would represent
2 that rate of inflation.

3 COMMISSIONER BAILEY: Thank you.

4 CHAIRWOMAN MARTIN: Okay. Anything
5 else we need to do before the tech session?

6 *[No verbal response.]*

7 CHAIRWOMAN MARTIN: Seeing none, then
8 we will let you get off to do that work.

9 Thank you, everyone. Have a good rest
10 of the day. We're adjourned.

11 ***(Whereupon the prehearing conference***
12 ***was adjourned at 1:24 p.m., and a***
13 ***technical session was held***
14 ***thereafter.)***

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