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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

June 15, 2022 - 1:31 p.m.
21 South Fruit Street
Suite 10
Concord, NH

RE: DW 22-006
PENNICHUCK WATER WORKS, INC.:
Petition for Approval of the 2022
Qualified Capital Project Adjustment
Charge (QCPAC).
(Prehearing conference)

PRESENT: Chairman Daniel C. Goldner, Presiding
Commissioner Carleton B. Simpson

Tracey Russo, Clerk

APPEARANCES: Reptg. Pennichuck Water Works, Inc.:
James J. Steinkrauss, Esq.
(Rath, Young & Pignatelli)

Reptg. New Hampshire Dept. of Energy:
Suzanne G. Amidon, Esq.
Jayson Laflamme, Director/Water Group
(Regulatory Support Division)

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

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APPROVED PROPOSED PROCEDURAL SCHEDULE

First Set Data Requests to PWW	<i>June 8, 2022</i>
PWW Responses to First Set of Data Requests	<i>June 22, 2022</i>
Second Set Data Requests to PWW	<i>July 6, 2022</i>
PWW Responses to Second Set of Data Requests	<i>July 20, 2022</i>
Technical Session at 10:00 a.m.	<i>August 10, 2022</i>
PWW Responses to Technical Session Data Requests	<i>August 17, 2022</i>
File Settlement to be filed	<i>September 14, 2022</i>

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P R O C E E D I N G

CHAIRMAN GOLDNER: Okay. Good afternoon, everyone. I'm Chairman Goldner. I'm joined today by Commissioner Simpson.

We're here this afternoon in Docket 22-006 for a prehearing conference regarding the Pennichuck Water Works' Petition for the 2022 Qualified Capital Project Adjustment Charge.

Let's take appearances, beginning with Pennichuck.

MR. STEINKRAUSS: Good afternoon, Commissioners and Staff. My name is Jim Steinkrauss. I represent Pennichuck Water Works for its 2022 QCPAC Petition.

I'm joined today by Mr. Larry Goodhue, Chief Executive Officer and Chief Financial Officer; Donald Ware, Chief Operating Officer; Mr. John Boisvert, Chief Engineer. And Mr. Ware and Mr. Boisvert both filed written testimony with the Company's Petition.

Mr. George Torres, Corporate Controller and Treasurer; as well as Mr. Jay Kerrigan, Senior Financial Analyst, who are also attending, but won't be participating.

1 All these individuals are employees of
2 Pennichuck Water Works, but are also employees of
3 the subsidiaries, Pennichuck East and the parent,
4 PennCorp.

5 Thank you.

6 CHAIRMAN GOLDNER: Okay. Very good.
7 And New Hampshire Department of Energy?

8 MS. AMIDON: Good afternoon. I'm
9 Suzanne Amidon. I am here on behalf of the
10 Department of Energy, Division of Regulatory
11 Services.

12 And with me today is Jayson Laflamme,
13 who is the Director of the Water Group; and
14 Anthony Leone, who is an Analyst in that group.

15 CHAIRMAN GOLDNER: Okay. Very good.
16 Just one preliminary issue from the Commission,
17 before we hear initial positions.

18 For QCPAC hearings moving forward,
19 including this one, we anticipate resolving via
20 *nisi* orders, without a hearing. We found that
21 DOE's substantive analysis to be very helpful in
22 the past, and would welcome its continued input
23 in this docket. In the absence of such input or
24 a settlement between the parties, we would

1 anticipate a hearing in this matter to ensure a
2 complete record.

3 Is there anything else the parties wish
4 to include in today's prehearing conference,
5 outside of initial positions?

6 MR. STEINKRAUSS: That's great.

7 CHAIRMAN GOLDNER: Okay. Very good.
8 All right. Well, let's begin with the New
9 Hampshire Department of Energy.

10 MS. AMIDON: Thank you, Mr. Chairman.

11 Staff is doing its customary process,
12 which is we're evaluating the filing, in terms of
13 the calculations. We're looking at the audit.
14 And the audit, by the way, has been completed.
15 There were some minor findings in that, but we're
16 working through those issues with the Company.
17 And we're going to be doing an engineering
18 review, to make sure all the plant is in service
19 and used and useful.

20 This is on a little bit of a more
21 accelerated schedule than some of our other --
22 than our other docket, the PEU docket, which we
23 were talking about yesterday. But we do expect
24 to be able to resolve it without having a

1 hearing.

2 And I guess, if the preference is a
3 settlement agreement, we can shoot for that as a
4 goal. You know, we're amenable to either
5 providing a recommendation, with backup, or
6 having a settlement agreement. So, if the
7 Commissioners have any particular, you know,
8 favor amongst -- between those two, we're fine to
9 accommodate that.

10 And we appreciate also that the
11 Commissioners are welcome, you know, are
12 welcoming to issuing an order *nisi*, as opposed to
13 going through a hearing.

14 We do have a pending procedural
15 schedule, a Motion for a Procedural Schedule.
16 And we've already commenced discovery. So, we're
17 going to be continuing to follow that, unless
18 otherwise ordered by the Commission.

19 *[Chairman Goldner and Cmsr. Simpson*
20 *conferring.]*

21 CHAIRMAN GOLDNER: Ms. Amidon, yes,
22 just to move things along. If you want, if you
23 can verbalize the procedural schedule, we can
24 just make sure everybody is aligned right here,

1 and then we'll be finished. If that's okay?

2 MS. AMIDON: Yes. Yes, I filed that on
3 April 12th. And it's assented to by PWW.

4 So, we commenced discovery on June 8th;
5 the responses are due to that first set on June
6 22nd. We'll issue a second set to PWW on
7 July 6th, with those responses due July 20th.
8 We've scheduled a technical session, which we'll
9 conduct over Teams, on August 10th. And any
10 questions that need responses will be provided by
11 PWW on August 17th.

12 And the proposal, when this was
13 developed, was to file a settlement, and we have
14 the target date for that September 14th.

15 And, as I said, this is an assented-to
16 Motion for a Procedural Schedule.

17 CHAIRMAN GOLDNER: Okay. So, if
18 Pennichuck could just, Mr. Steinkrauss, if you'd
19 just like to verbally confirm that you agree with
20 that schedule?

21 MR. STEINKRAUSS: Pennichuck Water
22 Works absolutely agrees with that, and has no
23 objection. Thank you.

24 CHAIRMAN GOLDNER: Okay. Thank you.

1 So, I think we can rule from the Bench and just
2 approve the procedural schedule here today, and
3 we're all set. So, thank you.

4 CMSR. SIMPSON: Agreed.

5 CHAIRMAN GOLDNER: Okay. Yes. Thank
6 you.

7 CMSR. SIMPSON: One question for you,
8 Ms. Amidon.

9 You had articulated the difference
10 between a recommendation moving forward, compared
11 to a settlement agreement. Historically, from
12 your experience, with how the PUC was structured
13 in the past, or historical practice within the
14 Department of Energy, do you have a preference or
15 could you provide some context into the approach
16 historically?

17 MS. AMIDON: Well, let me see what Mr.
18 Laflamme has to say.

19 CMSR. SIMPSON: Please.

20 *[Atty. Amidon and Mr. Laflamme*
21 *conferring.]*

22 *[Chairman Goldner and Cmsr. Simpson*
23 *also conferring.]*

24 CHAIRMAN GOLDNER: I'm sorry, Ms.

1 Amidon. Go ahead. Please proceed.

2 MS. AMIDON: No, that's fine.

3 I just discussed it with Mr. Laflamme.
4 And he said that, in the past, when it was --
5 when the PUC was a unified whole, the Staff would
6 file a recommendation, and an order *nisi* would
7 issue.

8 But, given the fact that the PUC is now
9 bifurcated or we're separate entities, and there
10 is some fluid nature to this filing as it goes
11 through the analysis, and the calculations may
12 change, you know, as we move forward, it's
13 probably better to go as a settlement agreement,
14 because then we can explain and add, and include
15 the data responses, which show why some
16 calculations may have changed.

17 So, probably be a better way to go with
18 a settlement agreement, as we originally
19 proposed.

20 CMSR. SIMPSON: Great. I appreciate
21 that. And that sounds reasonable to me.

22 MS. AMIDON: Thank you.

23 CMSR. SIMPSON: Thank you.

24 CHAIRMAN GOLDNER: Okay.

1 MR. STEINKRAUSS: Yes. We'd absolutely
2 agree with that, and do the settlement approach.
3 Thank you.

4 CHAIRMAN GOLDNER: Okay.

5 MR. STEINKRAUSS: With an order *nisi* as
6 approval?

7 CHAIRMAN GOLDNER: Yes.

8 CMSR. SIMPSON: And the Company would
9 work in collaboration with the Department of
10 Energy in order to reach settlement in the
11 future, should we work towards that process.

12 MR. GOODHUE: Sure. This is Larry
13 Goodhue, the CEO of Pennichuck. We absolutely
14 agree. The advantages to a settlement agreement
15 is it allows us and the other parties to the case
16 to definitively, you know, lock down what the
17 facts are that we wish the Commissioners to opine
18 on in an order *nisi*. And, so, that's a very
19 positive step in the whole process. Absolutely.

20 CMSR. SIMPSON: Thank you.

21 CHAIRMAN GOLDNER: Very good. Ms.
22 Amidon, anything else from the Department of
23 Energy?

24 MS. AMIDON: Are you asking for a

1 position on the docket?

2 CHAIRMAN GOLDNER: Well, yes. If
3 you -- I think, yes, is there anything else that
4 you'd like to add, before I move to Pennichuck?

5 MS. AMIDON: I think -- I think I'm
6 done. Thank you very much.

7 CHAIRMAN GOLDNER: Okay. Thank you.
8 Mr. Steinkrauss?

9 MR. STEINKRAUSS: Thank you, Chairman.
10 The Petition asks for -- Pennichuck's
11 Petition asked for three things. First, final
12 approval of the QCPAC surcharge, based on the
13 eligible capital projects that were completed,
14 used and useful by the end of December 2021;
15 second, preliminary approval of the capital
16 budget for 2022; and also provide the Commission
17 with information regarding the Company's
18 forecasted budgets, and that's for 2023 and 2024.

19 The Company's Petition states that the
20 capital projects in the Petition were eligible,
21 meaning they were completed, used and useful by
22 the end of December 31st, 2021. They were
23 financed by debt that was previously approved by
24 the Commission. And the projects are associated

1 with budgets that were previously submitted and
2 preliminarily approved by the Commission by Order
3 26,598, which was issued on March 29th, 2022, as
4 amended by Order 26,605, on April 8th, 2022, in
5 Docket DW 21-023, and that one approved a
6 settlement in that prior QCPAC.

7 The Company estimates that the QCPAC
8 surcharge for 2022 is 1.75 percent, or 97 cents,
9 when added to the rates granted in the rate case
10 docket, 19-084, that was approved in Order
11 26,435, on November 24th, 2020, and the rates in
12 the 2020 QCPAC, which was 3.9 percent, granted in
13 2020-020 [20-020?], and the 2021 QCPAC of 1.56
14 percent, granted in DW 21-023; resulting in a
15 cumulative QCPAC charge of \$4.01 per month,
16 resulting in an average single-family bill of
17 \$59.66, or a cumulative increase of about 7.21
18 percent.

19 And, finally, the Company requests that
20 the 1.75 percent QCPAC surcharge will be recouped
21 on a services rendered basis back to April 26,
22 2022, which is the date that the Company closed
23 its most recent bond sale.

24 The Company asks that the Commission

1 find the 2022 surcharge is prudent, and based on
2 used and useful projects completed in 2021, and
3 ask that the Commission approve the current year
4 budget as appropriate and reasonable, and provide
5 preliminary approval for the forecasted budgets
6 for 2023 and 2024.

7 I have nothing more. Thank you.

8 CHAIRMAN GOLDNER: Thank you. Are
9 there any additional matters that we need to
10 cover today? All set, Commissioner Simpson?

11 CMSR. SIMPSON: Nothing from me. Thank
12 you.

13 CHAIRMAN GOLDNER: Anything else, Ms.
14 Amidon?

15 MS. AMIDON: Nothing from the
16 Department. Thank you.

17 CHAIRMAN GOLDNER: And Pennichuck is
18 ready to go. Okay.

19 Well, thank you everyone, we are
20 adjourned today. Thank you very much.

21 **(Whereupon the prehearing conference**
22 **was adjourned at 1:42 p.m., and a**
23 **technical session was held thereafter.)**