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

1  
2 CMSR. CHATTOPADHYAY: Good afternoon,  
3 everyone. I'm Commissioner Chattopadhyay. And I  
4 will be conducting today's proceeding, as  
5 Chairman Goldner is not available. I'm joined  
6 today by my esteemed colleague, Commissioner  
7 Simpson. We have a thing going, so --

8 CMSR. SIMPSON: Dr. Chattopadhyay is  
9 very gracious.

10 CMSR. CHATTOPADHYAY: So, we are here  
11 this afternoon in Docket DW 22-012 for a hearing  
12 regarding a Petition by Bodwell Waste Services  
13 Corporation, and I hope I got the name right, to  
14 discontinue operations and transfer assets and  
15 franchise to the City of Manchester and the Town  
16 of Londonderry. Following an order on May 10th,  
17 2022, the Commission commences this adjudicative  
18 proceeding and holds this prehearing conference  
19 in this docket.

20 As the filing has implications for  
21 Bodwell's existing 528 utility customers, and the  
22 Petition involves the Town of Londonderry and the  
23 City of Manchester, this prehearing conference  
24 provides us an opportunity to hear the

1           Petitioner, the New Hampshire DOE, the OCA, the  
2           City of Manchester, the Town of Londonderry, and  
3           any other intervenor having a stake in this  
4           docket, so that the Commission can appropriately  
5           come to its decision on the Petitioner's request.

6                        As per the Order on May 10th, 2022,  
7           following this prehearing, the Commission would  
8           let the parties, including the mandatory parties,  
9           congregate to hold a technical session to help us  
10          proceed with the review of the filing going  
11          forward.

12                       Before we take the appearances, the  
13          Commission does note that, while the docket is  
14          still only at its inception, we are initially  
15          concerned about the legality of the arrangement  
16          proposed in the Petition, and whether the  
17          Commission can legally grant the request, is a  
18          threshold question we will have to confront. If  
19          an existing utility offloads its franchise,  
20          whether they can at all continue to bill its  
21          customers going forward, is something we want the  
22          parties to think about, and will greatly  
23          appreciate consideration of that, to better  
24          inform us.

1           We also want the parties to address the  
2           issue of whether the concept of Bodwell  
3           continuing to bill customers, who are no longer  
4           Bodwell customers for assets that Bodwell no  
5           longer owns, in order to pay back a bank loan  
6           attached to those assets, is supported by law.  
7           Also, given the loan contract, whether the  
8           Bodwell has -- whether Bodwell has kept the bank  
9           involved and its customers informed about this  
10          development, and how, is something we would like  
11          to hear about.

12           So, let's take appearances now. Let's  
13          start with the Petitioner.

14           MS. BROWN: Good afternoon,  
15          Commissioners Chattopadhyay and Simpson. Thank  
16          you very much for your time today. My name is  
17          Marcia Brown, with NH Brown Law, and with me --  
18          representing Bodwell Waste Services Corporation.  
19          With me, to my right, is Stephen P. St. Cyr, of  
20          Stephen P. St. Cyr Associates, and his role with  
21          Bodwell is he is the Manager for Bodwell; and to  
22          his right is Robert LaMontagne, who is the Owner  
23          and President of LaMontagne Builders and Bodwell  
24          Waste Services Corporation; and to his right is

1 Carleton Roberts, who is the CFO and Controller  
2 for LaMontagne Builders.

3 Thank you.

4 CMSR. CHATTOPADHYAY: Let's go with  
5 City of Manchester?

6 MR. GETZ: Good afternoon,  
7 Commissioners. I'm Tom Getz. I'm an attorney  
8 with the law firm of McLane Middleton. I'm here  
9 on behalf of the City of Manchester, the  
10 Environmental Protection Division. With me this  
11 afternoon are Fred McNeill, he's the Chief  
12 Engineer for the EPD; also outside consultant  
13 from Kleinfelder Engineering Company is Rob  
14 McCoy; and to his right is Rob Robinson, who is  
15 the Superintendent of the wastewater treatment  
16 plant.

17 CMSR. CHATTOPADHYAY: Thank you. Town  
18 of Londonderry?

19 MR. LIRETTE: Good afternoon,  
20 Commissioners. My name is Ryan Lirette. I'm an  
21 attorney at Sheehan Phinney, Bass & Green. I am  
22 here representing the Town of Londonderry today.

23 CMSR. CHATTOPADHYAY: Thank you. OCA?

24 MS. DESMET: Yes. Good afternoon,

1           Commissioners.  Julianne Desmet, here on behalf  
2           of the OCA, which, as you are aware, represents  
3           the interests of residential ratepayers.

4                        CMSR. CHATTOPADHYAY:  New Hampshire  
5           DOE?

6                        MR. TUOMALA:  Good afternoon,  
7           Commissioners.  Christopher Tuomala representing  
8           the New Hampshire Department of Energy.  At  
9           counsel table with me, to my left, is Jayson  
10          Laflamme.  He is the Assistant Director of the  
11          Water Group in the Regulatory Support Division at  
12          the Department of Energy as well.

13                        Thank you.

14                        CMSR. CHATTOPADHYAY:  Thank you.  So,  
15          before I take preliminary positions, I'd like to  
16          see if there are any preliminary matters that we  
17          need to handle?

18                        [No verbal response.]

19                        CMSR. CHATTOPADHYAY:  No?  Okay.

20                        So, let's start with the preliminary  
21          positions.  I would ask the petitioning company  
22          to start first.

23                        MS. BROWN:  Sure.  Thank you very much.

24          And, again, this is Marcia Brown, just for the

1 record.

2 The background is well described in the  
3 Order of Notice commencing this proceeding. But,  
4 briefly, I will just reiterate that Bodwell Waste  
5 Services Corporation has been providing regulated  
6 sewer utility service since 1992. Bodwell is an  
7 S Corp. It has no employees. And its officer,  
8 Mr. LaMontagne, is its president, is a unpaid  
9 position. So, they run a very lean operation.  
10 They hire AAA Pump Services to operate and  
11 maintain -- or, to provide operations and  
12 maintenance service. And they hire Mr. St. Cyr  
13 to provide management services.

14 And Bodwell was created back in the  
15 early 1990's out of necessity, because, with the  
16 residential developments going in, the City of  
17 Manchester, nor the Town of Londonderry, had  
18 sewer service extending to those places. So, it  
19 has been an interim, and it's always been known  
20 to be an interim sewer transport entity.

21 Presently, Bodwell has about 418  
22 residents in Manchester, and about 110  
23 residential customers in Londonderry. And, as  
24 the filing has indicated, the time has come where



1 sewer system to these residential developments is  
2 imminent, and Bodwell is applying for an orderly  
3 transfer of those customers to the municipal  
4 sewer system.

5 The plan is, at this point, to -- for  
6 Bodwell's assets and customers located in  
7 Manchester, to be transferred to the City, and  
8 the assets and customers located within  
9 Londonderry, to be transferred to the Town.

10 Now, how the billing works, and  
11 cognizant of the Commission's first question of  
12 the legality of this, and at least Bodwell feels  
13 confident that, hopefully, a settlement agreement  
14 can be structured to address all of the legal  
15 issues that arise with this unique situation.  
16 How the billing works is yet to be determined.  
17 If the billing is of the -- in particular, the  
18 Londonderry customers, if Manchester were to bill  
19 directly, then there would have to be a franchise  
20 approval. We might be able to get around that,  
21 if the Londonderry customers are actually billed  
22 by Londonderry. So, although the Petition  
23 contains a franchise request, it is there as a  
24 placeholder, pending how the MOU with Londonderry

1 and Bodwell develops. We might be able to  
2 simplify the billing and the need for a franchise  
3 approval for Manchester to serve outside of its  
4 municipal corporate bounds.

5 Now, as part of the winding down of the  
6 affairs, the Commission is correct that there is  
7 a secured loan. And, if it were to hand over its  
8 assets to Londonderry and Manchester, the loan is  
9 no longer secured. The bank is being kept aware  
10 of the developments of this, as well as the  
11 customers, of this proceeding and wind-down of  
12 affairs.

13 Now, if I could just speak to the  
14 balance of the loan. As of December 31st, 2021,  
15 the loan balance was about \$355,000. As of May  
16 3rd, that is down a bit to about \$346,000.

17 Now, Mr. St. Cyr attached to his  
18 prefiled testimony a sheet that describes, if the  
19 balances from customer billings -- or, the  
20 proceeds from the customer billings were applied  
21 directly to the loan, it would take about 10 to  
22 12 quarters to pay off that loan. In years,  
23 that's about two and a half to three years.

24 Now, Bodwell's revenue requirement

1 doesn't have expenses associated with winding  
2 down its affairs. So, Bodwell will be asking for  
3 its administrative and regulatory costs, such as,  
4 you know, transcripts, and if the DOE needs to  
5 hire any engineer services, that those costs be  
6 allowed to be a surcharge to customers. So,  
7 that's why the Petition is asking for authority  
8 for a surcharge. We will determine what that is,  
9 once the costs of this proceeding are known.

10 Now, this is not the first time the  
11 Commission has had a regulated public utility  
12 become obsolete and wind down its affairs. We  
13 are taking the template from what the Commission  
14 did for Concord Steam into consideration for this  
15 particular winding down of affairs.

16 I'd like to just address the notice  
17 that the customers have received. With the  
18 April 1st billing, and the Company bills  
19 quarterly, the Company sent out a letter to the  
20 customers explaining thoroughly that Manchester  
21 has this construction project, sewer lines are  
22 coming, there will be a winding down of Bodwell  
23 services, and the customers will be transitioned  
24 to a municipal service.

1           The letter went out on the -- for the  
2           April 1st billing, and then it also alerted them  
3           that there would be a follow-up proceeding,  
4           likely an order of notice, that they could view  
5           on the Company's website. It now has a website,  
6           it has posted that Order of Notice. So, those  
7           are the two aspects of notice so far. Bodwell  
8           would be happy to entertain any other notice, if  
9           the Commission so desires.

10           And I believe I've answered, at least  
11           acknowledged, the questions about the legality.  
12           Again, Bodwell is hopeful that a settlement  
13           agreement can be reached, and we will address all  
14           of those legal pitfalls.

15           And with that, the Company looks  
16           forward to working with Department of Energy,  
17           Office of the Consumer Advocate, City of  
18           Manchester, and Town of Londonderry, following  
19           this prehearing, to address a procedural schedule  
20           that we've already floated around, and we will  
21           hope to discuss that in the tech session.

22           Thank you very much.

23           CMSR. CHATTOPADHYAY: Thank you. City  
24           of Manchester.

1           MR. GETZ: Thank you, Mr. Commissioner.  
2           In addition to the summary provided by Ms. Brown,  
3           the City of Manchester would like to add some  
4           additional background from the City's  
5           perspective.

6           For context, I took the liberty of  
7           handing out enlarged versions of the maps that  
8           were included as part of the filing provided by  
9           Bodwell. And, if you look at Page 3 of that, of  
10          those four maps, there is a -- the map, it's  
11          titled "Cohas Brook Sewer Project Recommended  
12          Contract Areas and Proposed Sewer Locations".  
13          And it says "Appendix H". And, if you orient  
14          that from north to south, and, you know, living  
15          in Manchester, I had some trouble, you know,  
16          identifying exactly what was where. But you can  
17          see that I-93 goes from the northwest corner to  
18          roughly the southeast corner. And to the east of  
19          I-93, you can see shaded areas that represent the  
20          four different phases or contracts of what is a  
21          10-year, \$30 million four-phase project that the  
22          Environmental Protection Division has been  
23          working its way through. And it's roughly  
24          started from north to south.

1           And the whole idea is really connected  
2           to the EPD's mission of environmental  
3           stewardship, and to protect the watersheds around  
4           Lake Massabesic and the Cohas Brook. And a lot  
5           of these homes in the eastern portion of the City  
6           had septic systems, and the overall goal was to  
7           provide City sewer to that entire area from north  
8           to south. And, as you work from north to south,  
9           in that bottom corner, that's where the Bodwell  
10          Waste service territory is. And, if you look  
11          closely, you can see where Bodwell Road is there.  
12          And, then, of course, the Bodwell service  
13          territory continues below, into Londonderry.

14                 So, I just wanted to lay that out to,  
15          you know, hopefully some, you know, geographic  
16          and historical context of what the City is trying  
17          to accomplish here. And, in large part, it's  
18          opportunistic to be able to, you know, build the  
19          systems, to extend the City's sewer system, to  
20          replace the pumps that -- and some other  
21          facilities that Bodwell owns, and then acquire  
22          the collection lines, the systems, the pipes into  
23          the homes, that are currently served by Bodwell,  
24          and an interconnect to the new systems that the

1 City is building.

2 You know, at any time, if you have  
3 particular questions, then Mr. McNeill,  
4 Mr. Robinson, or Mr. McCoy are happy to try and  
5 answer them. But that's the general idea of how  
6 this particular request to you is part of a much  
7 larger undertaking by the City.

8 Also, as Ms. Brown noted, there is a  
9 procedural schedule that's been shared among the  
10 parties. But the key point about that is the  
11 connection to the Memorandum of Understanding  
12 that has also been filed as part of the Petition.  
13 One condition of that MOU is that Bodwell would  
14 obtain PUC approval by September 15th. And, so,  
15 we're talking about a schedule that would lead to  
16 that, with, you know, typical intermediate steps  
17 for discovery, and then, hopefully, a hearing by  
18 sometime in late August.

19 But the one thing related to that, and  
20 I would also like to point out, about the  
21 Petition in general, is that City of Manchester  
22 Environmental Protection Division is a different  
23 entity than Manchester Water Works. The EPD is  
24 self-sustaining. It has its own employees and

1 its own mission. It does not currently serve  
2 retail customers outside of the municipal  
3 boundaries, and it does not intend to.

4 What the Manchester has agreed to do  
5 through the MOU is acquire the assets of Bodwell  
6 within Manchester, on the assumption that the  
7 Bodwell assets outside of Manchester would be  
8 acquired by Londonderry. And that, in that case,  
9 then we do not technically see what would be  
10 happening as a "transfer of the franchise" to  
11 Manchester, it would only be the transfer of the  
12 assets. And then, since Manchester would only be  
13 serving its residents, that there would not need  
14 to be approval of a franchise to do that.

15 So, that is, you know, technically  
16 where we stand. There will still be a  
17 relationship between Manchester and in the  
18 future, and I'm sure Mr. Lirette will address  
19 this, because, as you saw in the Petition,  
20 negotiations are still ongoing between Bodwell  
21 and the Town of Londonderry, but that Manchester  
22 would continue -- would serve, basically, through  
23 an intermunicipal agreement with Londonderry,  
24 would be a wholesale arrangement, to take the



1 waste and to process it through the Manchester  
2 water treatment plant.

3 So, if you have any further questions  
4 about that, I'd be happy to try to explain it, or  
5 pass the buck along the back row here.

6 So, the four issues that's raised by  
7 the Order of Notice, we think it's clear that the  
8 City of Manchester has the financial, managerial,  
9 and technical expertise to serve the customers.  
10 We're prepared to file testimony to that effect  
11 or, you know, to provide that information to the  
12 parties and to the Commission in whatever form is  
13 deemed appropriate.

14 Manchester believes the transfer of the  
15 assets and facilities is for the public good,  
16 that there is -- and that there are, you know,  
17 larger issues at play here, in terms of  
18 protecting the watershed and providing service,  
19 sound service to all of Manchester residents.  
20 Discontinuance of the franchise, you know, is a  
21 related issue to that, which we think would be  
22 for the public good.

23 As to the rates to be paid, in  
24 Manchester, all of the current Bodwell customers

1 would be paying the same rate as every other  
2 customer in Manchester. So, we think that would  
3 be just and reasonable.

4 Currently, the City has no position on  
5 the request by Bodwell to continue the surcharge.  
6 But we would, you know, considering Commissioner  
7 Chattopadhyay's request, we will consider and  
8 give some thought to the idea of the legality.  
9 And, to the extent we can weigh in on that, we  
10 will take it under advisement.

11 So, with that, I think that covers  
12 everything from Manchester's perspective. Thank  
13 you.

14 CMSR. CHATTOPADHYAY: Thank you.  
15 Attorney Ryan Lirette.

16 MR. LIRETTE: Thank you, Commissioners.

17 I'm afraid that the Town of  
18 Londonderry's position is not incredibly mature  
19 yet on these issues. The Town of Londonderry  
20 only received the draft MOU last week, late last  
21 week. My clients are in the process of reviewing  
22 it. But we do not have any general understanding  
23 right now about whether this is a deal that we  
24 would be interested in.

1 All that we can say is that tentatively  
2 we would be interested in -- Londonderry would be  
3 interested in acquiring the assets and operating  
4 them. But that is contingent, obviously, upon an  
5 executed and agreed upon MOU between Bodwell and  
6 Londonderry. And the negotiations have yet to  
7 happen.

8 We anticipate having those negotiations  
9 expeditiously. I understand that there is --  
10 this is somewhat of a time-sensitive thing. But  
11 there are issues, from Londonderry's perspective,  
12 that need to be worked out. I understand that  
13 there are potentially easement issues.

14 Londonderry is, I will just say as a  
15 general note, somewhat concerned about the notion  
16 of the double-billing, from an administrative  
17 perspective, with respect to whether that's legal  
18 as a regulatory matter. We will defer on that  
19 position, but that's certainly something we will  
20 look into as well.

21 But, so, unfortunately, now, all I can  
22 offer is that we have a tentative interest in  
23 acquiring these assets, but there are  
24 negotiations that need to still take place, in

1 order for Londonderry to be in a position to have  
2 an agreed upon MOU, and to seek, actually  
3 formally, to acquire the assets being discussed  
4 here.

5 Thank you.

6 CMSR. CHATTOPADHYAY: Thank you. OCA.

7 MS. DESMET: Yes. Thank you. Good  
8 afternoon again.

9 From the OCA's perspective on this  
10 matter, we share the Commission's concerns about  
11 the legality, and there are numerous questions in  
12 this case. I did have an opportunity to speak  
13 with, specifically, the DOE before today's  
14 hearing, and discussed with their attorney a lot  
15 of concerns in this case that need to be ferreted  
16 out through discovery, through working with the  
17 parties, a lot of questions that we have. And  
18 now, hearing from Londonderry, that they're just  
19 reviewing the MOU, I don't think that's something  
20 that parties were aware it was still in that much  
21 of an infancy stage.

22 So, as far as moving forward, I know  
23 that the Company is seeking to have this done in  
24 a expeditious matter -- an expeditious manner.

1 But, given the outstanding issues that I've heard  
2 today, and that are raised, the OCA does have  
3 concerns about moving that quickly, and if it's  
4 possible.

5 And, again, I had an in-depth  
6 discussion with DOE. And I believe they're  
7 prepared to make more of a presentation. And,  
8 rather than repeat some of the issues, I will  
9 defer to the DOE.

10 CMSR. CHATTOPADHYAY: Thank you. DOE,  
11 please.

12 MR. TUOMALA: Thank you, Commissioners.  
13 I do, given Attorney Lirette's statements, we  
14 were also unaware of the -- as Attorney Desmet  
15 just noted as an "infancy stage" with the MOU.  
16 And the accelerated timeline proposed by the  
17 Company is problematic, from the DOE's  
18 standpoint, given that we don't even have a  
19 contract, and Attorney Lirette's statement that  
20 they aren't even sure if they want to be a part  
21 of the deal at this point. I would note that as  
22 a threshold matter to the docket and its  
23 trajectory, we'll obviously explore that with the  
24 parties in the technical session to follow. But

1 I think the procedural schedule might be somewhat  
2 up in the air, until at least some more solid  
3 answers are uncovered, especially in regards to  
4 Londonderry's participation in this docket.

5 The DOE reviewed the Petition and the  
6 attachments. And, after consideration, we wanted  
7 to note we consider this as a -- we consider this  
8 as a complex matter. There is a request by  
9 Bodwell to transfer certain utility property to  
10 the municipalities of Londonderry possibly and  
11 Manchester, pursuant to RSA 374:30. And that  
12 request also involves an investigation into the  
13 subsequent provision of utility service by those  
14 municipalities per RSA 362:4, II and III.

15 Also associated in that request by  
16 Bodwell is to discontinue its service per RSA  
17 374:28. And the DOE would note that those are  
18 typically routine requests when you have a  
19 utility transfer, a franchise transfer, a utility  
20 asset transfer. The DOE, as far as that part of  
21 the investigation, would envision some discovery  
22 to get answers on the record to flesh it out.

23 We aren't, from this point, are that  
24 concerned about that portion of the request. I

1 think we would say, without being committal, that  
2 we would be generally supportive of a transfer by  
3 Bodwell to the municipalities. But, again, we'd  
4 want to flesh that out through discovery.

5 But, already noted by the Commission,  
6 we do have a more serious concern to Bodwell's  
7 request to continue charging its current  
8 customers a monthly amount, or a quarterly  
9 amount, I'm not certain, I don't recall from the  
10 Petition, but, regardless, continue charging  
11 these customers for a period of two and a half  
12 years for an outstanding loan that it has, that  
13 has been described in the amount of around 340,  
14 350,000, thereabouts. As a threshold matter, the  
15 DOE, we're concerned that the Commission even has  
16 the authority to grant that request, given that  
17 the cessation of utility operations, I don't  
18 think that the Commission has any jurisdiction  
19 over that entity at that point.

20 And, as a practical matter, as somebody  
21 stated already, these customers would be  
22 essentially double-billed. They would be  
23 receiving one statement from either municipality,  
24 if this transaction goes through, and they would

1           also be receiving a bill from Bodwell,  
2           essentially for utility services that they can no  
3           longer provide.

4                       So, we are concerned about that.  And,  
5           at this point, we're not -- we're not in a  
6           position to definitively to state on the record  
7           that we don't think it's permissible by statute.  
8           But that is our concern, and we're leaning in  
9           that direction, that we do not think the PUC has  
10          that authority to continue its -- to approve that  
11          request and allow Bodwell to continue charging  
12          those customers.

13                      We'd also note, too, that even if it  
14          were possible, we would want to examine the rates  
15          themselves.  And we'd note that this is a request  
16          to make the owner whole for a loan that matures  
17          seven years from now, but they want an  
18          accelerated payment in the next two and a half  
19          years.  So, again, we're not saying that charging  
20          the customers is just and reasonable.  But, even  
21          if that were true, those rates, from the outset,  
22          seem high to the DOE, given that there's seven  
23          years left on this loan.

24                      And we'd also note, too, in our review



1 of I believe it's the 2020 Annual Report, we  
2 haven't been able to examine the 2021 Annual  
3 Report, the Company has been overearning. And  
4 there is also past due accounts beyond 90 days  
5 worth over \$100,000. So, there are accounts  
6 which are past due, and we would consider that  
7 those might be factors better suited for  
8 repayment of that loan, instead of charging a  
9 surcharge to customers over the next two and a  
10 half years.

11 Given that, the DOE does look forward  
12 to working with the parties in the technical  
13 session, examining the procedural schedule. I  
14 think that, we do acknowledge that we received a  
15 proposed procedural schedule, but, given the  
16 developments, I think we'll have to look at the  
17 timeline, and given Londonderry's response, to  
18 see what our path forward would be.

19 Thank you.

20 CMSR. CHATTOPADHYAY: Thank you. We do  
21 have some questions from the Commissioners here.  
22 So, I'm going with Commissioner Simpson first.

23 CMSR. SIMPSON: Thank you. And I think  
24 that we are going to ask for some legal briefs on

1 the legality issues. I'll defer to Commissioner  
2 Chattopadhyay, as he has a specific request lined  
3 up.

4 But, as a initial matter, for some of  
5 my questions, I think that responses could be  
6 developed and provided in such a brief.

7 I have a couple of questions for  
8 Attorney Brown.

9 You mentioned that Bodwell has always  
10 been considered an "interim entity". And I'd be  
11 interested in a review of the precedent that  
12 highlights that suggestion, and some of the  
13 history of the entity?

14 MS. BROWN: I'm not sure I understand  
15 the question. I mean, the interim nature was  
16 knowing that it would be years until the  
17 municipalities would be extending out into that  
18 area. I don't think it was at the award of the  
19 franchise, back in 1992, I don't think it was  
20 expressly stated in any order that it was a  
21 utility for a term.

22 CMSR. SIMPSON: So, what's your basis  
23 for saying that it's an "interim entity" and "has  
24 been viewed as such"?

1 MS. BROWN: That the owner has -- I  
2 mean, the owner has viewed it as an interim  
3 entity. I mean, he stepped in when there was --  
4 and provided a sewer solution to these  
5 developments, waiting for the municipalities to  
6 catch up. And, so, now we're at that point where  
7 the municipalities are now in the neighborhood,  
8 so that we can -- he can finally get out of being  
9 a sewer utility. It's not his, I guess, lane.

10 CMSR. SIMPSON: Okay. If, in a brief,  
11 you could provide some historical context from  
12 your client's perspective, that would be helpful.

13 MS. BROWN: Sure. I can put more  
14 factual context around that statement, sure.

15 CMSR. SIMPSON: Very good. Thank you.

16 Can you comment on current negotiation  
17 process, from your perspective, with the Town of  
18 Londonderry?

19 MS. BROWN: Nothing to add, other than  
20 Attorney Lirette's characterization that it is  
21 still formulating. And both parties are wanting  
22 to get that agreement hammered out sooner, rather  
23 than later, given the September 15th deadline in  
24 the Manchester MOU.

1 CMSR. SIMPSON: And that's my next  
2 question. Can you proceed some context with  
3 regards to the timeframes that have been provided  
4 in both the MOU, and discussed in your Petition,  
5 why is timeliness of this proceeding so critical?

6 I see Attorney Getz, it looks like he  
7 might want to interject. Please.

8 MS. BROWN: I would defer to Attorney  
9 Getz, because it's all driven by the construction  
10 schedule.

11 CMSR. SIMPSON: Thank you. Attorney  
12 Getz.

13 MR. GETZ: Thank you, Commissioner.  
14 So, from the City's perspective, it goes back to  
15 this, and I may get some additional background on  
16 this, but it's really the four contract phases.  
17 Phase IV is, in Cohas Brook, is drawing to an  
18 end. And, you know, essentially, what the City  
19 would like to do is, once that Phase IV,  
20 Contract 4, is wrapping up in September, and  
21 would like to, you know, transfer directly then  
22 to undertaking the work that would need to be  
23 done to replace the pumps owned by Bodwell, and  
24 to complete the interconnection of the new assets

1 by the City of Manchester, and to have the  
2 contractor to just seamlessly move right into  
3 those efforts.

4 If we're unable to do that, then the  
5 contractor will basically move on to their next  
6 position. There will be demobilization costs,  
7 certain bids will have to be redone, whenever  
8 that it looks like we'll be able to undertake the  
9 next efforts, if there's an approval by the  
10 Commission. Does it occur in the winter? What  
11 are the remobilization costs? What costs and  
12 changes occur over time?

13 So, from the City's perspective,  
14 September 15th is like the ideal opportunity to  
15 just finish off Phase IV, and move into doing the  
16 work necessary to bring the Bodwell customers  
17 into the Manchester service.

18 CMSR. SIMPSON: Okay. Thank you. And,  
19 for both the City of Manchester and the Town of  
20 Londonderry, in responses to the request for a  
21 brief, it would be helpful to understand your  
22 respective clients' ability to assume both the  
23 assets and the liabilities associated with any  
24 potential transaction. As it seems to me that,

1 as presented, only an asset transfer, and not a  
2 liability, as in the debt aspect, has been  
3 suggested to the Commission. And we've heard  
4 from several of the parties of the legality of  
5 how to address the outstanding debt moving  
6 forward is an area of concern. So, your  
7 positions on that would be helpful.

8 That's all I had for questions,  
9 Commissioner Chattopadhyay. Thank you.

10 CMSR. CHATTOPADHYAY: Thank you. So,  
11 before I go into the questions, I think it's  
12 probably more efficient if we talk about the  
13 briefs that I'm expecting folks to work on.

14 So, really, it's the question that I  
15 raised, which is, when Bodwell, you know,  
16 offloads its franchise, is it even allowed to  
17 bill customers? So, that's a key question for  
18 me.

19 And the other one that came up during  
20 the discussions here, part of it is -- you  
21 mentioned a few things, but I'm going to add one  
22 more. What happens if the discussions that  
23 you're having, the Company is having with --  
24 Bodwell is having with the Town of Londonderry,

1 and it doesn't result in anything, and it just,  
2 you know, doesn't work out?

3 So, I am very curious, given that,  
4 let's say Manchester has -- the City of  
5 Manchester already has an MOU. And, you know,  
6 are there things that can be done that allows  
7 City of Manchester to take the responsibility of  
8 the customers who are in the Londonderry area,  
9 and that are with Bodwell, how does that work?

10 So, I'm just -- some thoughts on that  
11 would be helpful, too. Say, is that legally  
12 possible? And what other options available?

13 Did I miss anything else? I think you  
14 may have highlighted a few points, you should  
15 re --

16 CMSR. SIMPSON: One other piece that  
17 would be helpful would be some information with  
18 respect to what has been provided to the loan  
19 holder, and their position with respect to the  
20 proposed transfer agreement?

21 CMSR. CHATTOPADHYAY: Yes. And I think  
22 that -- I jotted down that you were interested in  
23 the "interim entity" question. So, that --

24 CMSR. SIMPSON: Correct.

1 CMSR. CHATTOPADHYAY: -- that would be  
2 more about just the Company sort of addressing  
3 that.

4 So, let me go to the questions here.  
5 Some of them, in the initial pitch by the  
6 Company, some of them actually got addressed.  
7 So, I will skip those.

8 But I would still be curious, for  
9 example, when Bodwell is working with the bank,  
10 can you give us a sense of what the bank has  
11 said?

12 MS. BROWN: In the brief or --

13 CMSR. CHATTOPADHYAY: No, no. Right  
14 now. This is a question I'm asking right now.

15 MS. BROWN: The bank, as long it -- the  
16 position of the bank, according to the owner, is  
17 that, as long as there's a payment arrangement  
18 made, and that they get a secured payment, they  
19 will work with the Company.

20 CMSR. CHATTOPADHYAY: Are they okay  
21 with some other entity paying that or the Town  
22 of -- sorry, the City of Manchester? I'm just  
23 curious.

24 MS. BROWN: That particular question --



1 CMSR. CHATTOPADHYAY: Have you  
2 discussed that?

3 MS. BROWN: That particular question  
4 has not been posed to the bank. However, if, you  
5 know, if a -- you know, another third party pays  
6 on behalf of, you know, the beneficiary, Bodwell,  
7 I don't think the bank is going to complain.

8 But, you know, we will be exploring the  
9 sequencing of a secured loan, assets being  
10 transferred, remaining an entity -- a regulated  
11 utility, and the billing. Those, the timing of  
12 that, has to be well thought out, in order to  
13 secure the legal jurisdiction of the PUC.

14 CMSR. CHATTOPADHYAY: So, view the  
15 question that I'm asking here just as something  
16 we are pondering about, and it's also cues to the  
17 parties here to think about. So, you know, I  
18 don't have a definite position on anything yet,  
19 of course.

20 I'm also curious, can the Company  
21 explain how does the billing currently works for  
22 the customers that are, for example, are in, you  
23 know, in the City of Manchester, okay? And, you  
24 know, I just want to get a sense of, consider a

1 customer, what do they receive? How does the  
2 billing work?

3 MR. ST. CYR: Yes. So, the Company  
4 bills quarterly. It bills the first of the  
5 quarter for the prior quarter. So, the most  
6 recent quarterly billing went out --

7 *[Court reporter interruption.]*

8 MR. ST. CYR: So, the most recent  
9 quarterly billing went out April 1, for the  
10 period January, February, and March. And the  
11 quarterly bill is 64.17 a quarter. And both  
12 Manchester and Londonderry customers get that  
13 charge.

14 In addition to that, the Town of  
15 Londonderry provides Bodwell with an amount that  
16 they pay Manchester, and we, in turn, take that  
17 amount and divide it by the number of customers  
18 in Londonderry, and add that to the Bodwell bill.  
19 And, in most quarters, that runs anywhere from  
20 \$40 to \$50. It varies based on the amount of  
21 volume.

22 So, a Manchester customer gets one bill  
23 each quarter for 64.17. A Londonderry customer  
24 gets one bill with two charges, the 64.17 and the

1           \$40 to \$50. So, the Londonderry customers are  
2           getting roughly a \$100 bill a quarter.

3                         And then, I guess, in addition to that,  
4           the customers in Manchester get a separate bill  
5           from the City of Manchester for essentially the  
6           service that they provide. I always tell new  
7           Bodwell customers, in particular, that we  
8           essentially pump the sewage to Manchester, and  
9           Manchester receives it and processes it through  
10          their treatment facility. So, the amount that we  
11          charge them is for operating and maintaining the  
12          three pump stations and the infrastructure, and  
13          that bill is 64.17. And then, in addition to  
14          that, they get a bill from Manchester for  
15          essentially accepting that waste, having it flow  
16          through their treatment or their sewer system, to  
17          their treatment facility, and then it being  
18          proposed through the treatment facility.

19                        CMSR. CHATTOPADHYAY: Very helpful.  
20          So, right now, all customers are receiving a bill  
21          from Bodwell. And we are talking about Bodwell  
22          customers. The customers who are in Manchester,  
23          they simply receive that \$64, roughly, that bill.  
24          And the ones who are in Londonderry receive the

1           \$64 and the additional \$40, part of the same  
2 bill, right?

3                   MR. ST. CYR: That's correct?

4                   CMSR. CHATTOPADHYAY: While  
5 Manchester -- the customers in Manchester receive  
6 just one bill, with the 64 odd dollars, \$64,  
7 roughly, and then they also receive a separate  
8 bill from the City. And that, you wouldn't know  
9 how much?

10                   Can you -- can the City give us a sense  
11 of what that is right now?

12                   MR. GETZ: Commissioner, so, for  
13 Manchester residents, they get the same type of  
14 bill that every other Manchester resident gets,  
15 and it's based on your water usage. And the  
16 average residential bill is a little over \$100  
17 per quarter.

18                   CMSR. CHATTOPADHYAY: Okay. So, bear  
19 with me, I'm just going through my questions. I  
20 just want to make sure.

21                   So, going back to the Company, you  
22 mentioned that, in the last bill, you informed  
23 the customers what's happening in this docket,  
24 right?

1                    [No verbal response.]

2                    CMSR. CHATTOPADHYAY: Is that the whole  
3 set of 528 customers? Or it's just, because of  
4 the way the billing works, is it -- and I don't  
5 know, that's why I'm asking. Is it always an  
6 April -- April is a time when you send all the  
7 bills, like to all of the -- sorry. You send  
8 bills to the 528 customers that same bill?

9                    MR. ST. CYR: That's correct.

10                   CMSR. CHATTOPADHYAY: Okay.

11                   MR. ST. CYR: And the letter went in  
12 that same billing. So, all Bodwell customers,  
13 Manchester and Londonderry, received the letter  
14 notifying them of this proceeding.

15                   CMSR. CHATTOPADHYAY: Is it possible to  
16 provide? This is a, you know, a record request.

17                   MR. ST. CYR: So, the Company already  
18 filed it, and it's out on the PUC website now.

19                   CMSR. CHATTOPADHYAY: It is?

20                   MR. ST. CYR: Yes.

21                   CMSR. CHATTOPADHYAY: Okay. Thank you.

22                   MR. ST. CYR: We didn't file it with  
23 the Petition. We filed it separately.

24                   CMSR. CHATTOPADHYAY: Yes. Because,

1           when I was looking at it, I saw the notice was  
2           there for the order to be shared. I'm just  
3           curious what you ended up sending to the  
4           customers? That is also there?

5                     MR. ST. CYR: So, that letter also is  
6           there, yes.

7                     CMSR. CHATTOPADHYAY: Okay. So, we  
8           have -- I've heard the City, and I think it might  
9           be even the Company touch upon this a little bit,  
10          but I'm just curious, why didn't the City sort of  
11          say "Okay, you have this loan. If the franchise  
12          goes away, there's this legal issue"? So, has  
13          the City considered taking care of the loan as  
14          well?

15                    And I'm not sure I've articulated the  
16          question really well. But just, if you  
17          understand what I'm talking about, would be --

18                    MR. GETZ: I believe I do,  
19          Commissioner. And the City of Manchester has no  
20          intention of assuming any outstanding liabilities  
21          of Bodwell. In fact, the City is going to be  
22          undertaking about a million dollars in additional  
23          costs to demolish the pump facilities that  
24          Bodwell has that need to be replaced. So, the

1 City is prepared to undertake those costs to  
2 make, you know, a much more modern, improved, and  
3 a better system for its residents in that area.  
4 But is not prepared to undertake any of the  
5 outstanding liabilities of Bodwell Waste.

6 CMSR. CHATTOPADHYAY: So, let me put  
7 this in this way. Roughly speaking, the \$64  
8 that, for the remaining twelve quarters, if I  
9 heard correctly, that could take care of the rest  
10 of the, you know, the payments. So, I would  
11 encourage the folks to think about whether there  
12 are ways to do it without requiring this Company  
13 that can no longer have a franchise, if it goes  
14 through, you know, what they have requested.  
15 That no longer requires, you know, a billing  
16 that's going to the customers, a separate  
17 billing, they're going to just recover those \$64.

18 So, in that sense, is there anything  
19 that the City can do or the City and the Town can  
20 do? That's -- I don't have an answer. I'm just  
21 trying to think, are there ways that people can  
22 take care of that issue?

23 So, --

24 MS. BROWN: Commissioner Chattopadhyay,

1 can the Company respond to that statement?

2 CMSR. CHATTOPADHYAY: Absolutely.

3 MS. BROWN: Thank you.

4 MR. ST. CYR: So, I just want to point  
5 out that part of the thinking is that these  
6 customers are all going to benefit from not  
7 paying Bodwell 64.17 a quarter from now until  
8 whenever. And I guess what we were thinking is  
9 that we believe it's even in their best interest  
10 to pay that on a short-term basis, rather than to  
11 continue to pay what they have been paying for  
12 potentially indefinitely. So, that was some of  
13 the thinking that went into essentially  
14 continuing the quarterly billing for 64.17, until  
15 the loan that was used to, at least in part, to  
16 build the infrastructure that served them, went  
17 away.

18 We believe there's a long-term interest  
19 in Bodwell going away, for the assets to be  
20 transferred to the City and the Town. And that  
21 those individual customers will benefit from not  
22 paying the fee that Bodwell has been charging now  
23 for 30 years, and would potentially continue to  
24 pay that, until such an arrangement as we're



1 looking at today.

2 CMSR. CHATTOPADHYAY: And I am not  
3 suggesting that this may not be in the interest  
4 of ratepayers. I mean, I think, you know, and,  
5 clearly, there would have been a lot more, if you  
6 had already shared the information with your  
7 customers, they would make a big deal of it, if  
8 they didn't like it. So, I'm not concerned about  
9 that part.

10 It's, as I said in the beginning, it's  
11 really a legal question. So, I mean, it's about  
12 whether we can do that. So, I'm mindful more of  
13 that than the other problem that you're raising.  
14 Or, it's not a problem, you know, the way you  
15 describe it, yes, if I was a customer, I would be  
16 more than happy to go along, but I'm not sure  
17 that's the question I'm asking. Okay.

18 Again, bear with me. I need to go into  
19 my computer again.

20 I think that's all I have. Do you have  
21 any further questions?

22 CMSR. SIMPSON: No, I do not.

23 CMSR. CHATTOPADHYAY: Okay. Just to  
24 make sure, there's no other matters to consider?

1 MS. BROWN: There is.

2 CMSR. CHATTOPADHYAY: Okay. Go ahead.

3 MS. BROWN: The date for the filing of  
4 these briefs?

5 CMSR. CHATTOPADHYAY: Yes. You're  
6 right. What would you find comfortable? Like,  
7 in a week or two weeks?

8 MS. BROWN: I need about fifteen days.  
9 So, that would bring it to, like, June 16th, I  
10 think. June 16th.

11 CMSR. CHATTOPADHYAY: Are the other  
12 parties okay with that?

13 *(Multiple indications in the*  
14 *affirmative.)*

15 CMSR. CHATTOPADHYAY: Fifteen days is  
16 enough?

17 *[No verbal response.]*

18 CMSR. CHATTOPADHYAY: Okay. Can you  
19 repeat the date again?

20 MS. BROWN: June 16th.

21 CMSR. CHATTOPADHYAY: June 16th. I  
22 will barely be landing in India at that time.  
23 So, --

24 MS. BROWN: Will you have internet? I

1 don't want to impose on your vacation.

2 CMSR. CHATTOPADHYAY: Okay.

3 CMSR. SIMPSON: He will be well  
4 represented in New Hampshire.

5 MS. BROWN: Thank you.

6 CMSR. CHATTOPADHYAY: Okay. Nothing  
7 else, right?

8 *[No verbal response.]*

9 CMSR. CHATTOPADHYAY: No? Okay.

10 MS. DESMET: If I could ask for just a  
11 few words, --

12 CMSR. CHATTOPADHYAY: Please. Go  
13 ahead.

14 MS. DESMET: -- if the Commission would  
15 indulge? I have hearings and a pre-scheduled  
16 vacation. So, if we could just go to the 20th,  
17 if everyone would be agreeable with that?

18 MS. BROWN: You'll get mine on the  
19 16th. I don't care -- I don't object for OCA  
20 needing additional time, and to perhaps respond  
21 to the Company.

22 *[Cmsr. Chattopadhyay and Cmsr. Simpson*  
23 *conferring.]*

24 CMSR. CHATTOPADHYAY: We are fine with

1           that.

2                       MS. DESMET: Thank you. I appreciate  
3           that.

4                       CMSR. CHATTOPADHYAY: I will still be  
5           in India.

6                       So, thank you, everyone. So, we will  
7           let you all proceed to the technical session.  
8           And the prehearing conference is adjourned. Take  
9           care.

10                      *(Whereupon the prehearing conference*  
11                      *was adjourned at 2:33 p.m., and a*  
12                      *technical session was held thereafter.)*

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