

1
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8
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16
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19
20
21
22
23
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I N D E X

PAGE NO.

DISCUSSION RE: MR. RIZZO & THE SERVICE LIST 5, 18

PUBLIC COMMENTS BY:

Mr. Rizzo 9, 20, 69, 84

DISCUSSION RE: EXHIBITS 13

OPENING STATEMENTS BY:

Ms. Brown 16

Mr. Young 17

QUESTIONS BY:

Cmsr. Simpson 18

Cmsr. Chattopadhyay 19, 24

FURTHER RESPONSIVE STATEMENTS BY:

Mr. St. Cyr 22

Ms. Brown 23

* * *

**WITNESS PANEL: STEPHEN P. ST. CYR
 ROBYN J. DESCOTEAU**

Direct examination by Ms. Brown (*St. Cyr*) 25

Direct examination by Mr. Young (*Descoteau*) 53

Interrogatories by Cmsr. Simpson 61

Interrogatories by Cmsr. Chattopadhyay 64, 83

* * *

CLOSING STATEMENTS BY:

Mr. Young 68

Ms. Brown 78, 85, 86

1
2
3
4
5
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7
8
9
10
11
12
13
14
15
16
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18
19
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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
5	Permanent Rate Filing, consisting of Testimony, Exhibits, and Other Rate Case Filing Requirements (10-17-22)	<i>premarked</i>
6	Settlement Agreement on Permanent Rates (06-28-23)	<i>premarked</i>

P R O C E E D I N G

1
2 CMSR. CHATTOPADHYAY: On the record.
3 Good morning. I'm Commissioner Chattopadhyay,
4 and with me today is Commissioner Simpson. We
5 are here this morning in Docket DW 22-058, for a
6 hearing regarding the Settlement on Permanent
7 Rates reached by Petitioner, Bedford Waste
8 Services Corporation, and the New Hampshire
9 Department of Energy, which was filed in this
10 docket on June 28, 2023.

11 At the outset, I note that DOE filed
12 the Step 1 Audit Report per one of the Settlement
13 clauses yesterday.

14 So, let's begin with appearances. From
15 Bedford Waste Services Corporation, Attorney
16 Brown, please.

17 MS. BROWN: Good morning,
18 Commissioners. Thank you for your time this
19 morning. My name is Marcia Brown, NH Brown Law,
20 representing Bedford Waste. To my immediate
21 right is Bob LaMontagne, who is President of
22 Bedford Waste; to his right is Stephen P. St.
23 Cyr, who is our witness for today, he's with
24 Stephen P. St. Cyr & Associates; and to his right

1 is Carleton Roberts, who is CFO of LaMontagne
2 Management.

3 Thank you.

4 CMSR. CHATTOPADHYAY: Thank you. Let's
5 go to New Hampshire Department of Energy.

6 MR. YOUNG: Good morning,
7 Commissioners. Matthew Young, on behalf of the
8 Department of Energy. With me today, to my left,
9 is Jayson Laflamme, who is the Director of the
10 Water Division; and Robyn Descoteau, who is an
11 analyst in the Water Division working on this
12 docket.

13 CMSR. CHATTOPADHYAY: Thank you. So,
14 I'm going to go through the preliminary matters.

15 Is there any member of the public here?

16 MR. RIZZO: Yes, Commissioner. I'm
17 Steven Rizzo. I live on Pulpit Road. I'm an
18 intervenor.

19 *[Cmsr. Chattopadhyay and Cmsr. Simpson*
20 *conferring.]*

21 CMSR. SIMPSON: Thanks for being here,
22 Mr. Rizzo. Our Clerk's Office noted that they
23 added you to our service list. So, you've been
24 receiving emails pertaining to this proceeding,

1 correct?

2 MR. RIZZO: The last four months.

3 CMSR. SIMPSON: Okay. Very good. I
4 just wanted to distinguish the term "intervenor".
5 There's a formal petition that has to be filed to
6 formally be an intervenor. We will welcome you
7 today to offer your comments, to be heard today.
8 We want to hear what you want to say. But I just
9 want to distinguish "intervention" for you.
10 That's a formal petition that has to be filed
11 that we don't have on record.

12 MR. RIZZO: Uh-huh.

13 CMSR. SIMPSON: But please feel free to
14 today to share any thoughts that you have
15 concerning this Settlement Agreement, and the
16 proceeding. And we'll offer a specific
17 opportunity coming up shortly for you to offer
18 comments.

19 MR. RIZZO: Thank you.

20 CMSR. SIMPSON: Of course. Thank you.

21 CMSR. CHATTOPADHYAY: So, in my script
22 here, this is your opportunity to speak up, if
23 you want to say something. You have -- just a
24 moment. Just a moment.

1 MR. YOUNG: I would just like to -- I
2 don't believe that he was -- Mr. Rizzo was
3 actually added to the service list. I don't know
4 that he's been receiving emails, electronic
5 delivery of these -- of any documents in this
6 case.

7 CMSR. SIMPSON: Our Clerk's Office said
8 that they did add him to the service list.

9 And, Mr. Rizzo, you have been receiving
10 emails over the last few months?

11 MR. RIZZO: Yes, I have. And I'm right
12 on the bottom of it, myself and Paul Casazza,
13 who's the other gentleman.

14 CMSR. SIMPSON: Thank you.

15 MR. RIZZO: If you check the last
16 couple months, sent out on the 31st of May,
17 you'll see our name on the service list.

18 CMSR. CHATTOPADHYAY: So, I'm still
19 waiting for the DOE to add anything. So, please,
20 take your time, but just let me know.

21 MS. BROWN: Commissioners, if I may
22 make a comment about the service list. Because,
23 once we heard that Mr. Rizzo had been added --
24 or, he had stated he had been added to the

1 service list, we looked at the service list this
2 morning for both the rate case and the financing
3 dockets, and he does not appear there.

4 So, I'm confused on -- I'm glad that
5 he's, you know, getting emails. But being on the
6 service list puts a obligation on the parties to
7 be making sure that, you know, people that are on
8 the service list receive filings. And I've been
9 following the Commission's service list, which,
10 as of this morning, I still do not see Mr. Rizzo
11 there. So, I just wanted to clarify.

12 I haven't been giving him filings,
13 because I've been following the service list off
14 of the website.

15 MR. RIZZO: Commissioner, dated
16 05/3/23 [05/31/23?], Service Docket List, I'm on
17 the bottom of it, along with Mr. Casazza.

18 CMSR. CHATTOPADHYAY: Is there a -- do
19 you see a "DW", with a number next to it?

20 MR. RIZZO: Yes. "DW 22-058".

21 CMSR. SIMPSON: Okay.

22 MR. RIZZO: I'm looking at it. This
23 was the "Request to Change Rates", and it's a
24 "Request to Extend the Settlement Date" [sic].

1 Okay. Also, it's a public website. I
2 can go on and look at anything.

3 CMSR. SIMPSON: Yes. Of course.

4 CMSR. CHATTOPADHYAY: Yes.

5 MR. RIZZO: So, I don't need to be on
6 the service list to look.

7 CMSR. SIMPSON: We want to make sure
8 that you receive -- anybody that's on the service
9 list receives all the emails, is why we just want
10 to make sure that --

11 MR. RIZZO: And, with all due respect,
12 this is part of the issue. This is not -- we are
13 not Eversource, we are not Fidium, or anybody
14 else. We're a small, 78 group of people that are
15 basically being held hostage. We don't benefit
16 from this. There's only one person that benefits
17 from this, and that's the gentleman that built
18 the houses.

19 So, this process that's being applied
20 to this Waste Company, to make them jump through
21 hoops and expenses, at the same way that a large
22 company can that has the resources, doesn't make
23 any sense.

24 Now, I know that's not up to you. It's

1 probably legislative. But, at some point, you
2 need to think that, for the ones that are just
3 small like this, there's no recourse.

4 And, you know, you're asking me "why am
5 I here now, and not before?" You know what it's
6 like to try and read through some of this to get
7 it done? I spoke to the Consumer Advocate, Don
8 Kreis, about three months ago. You know what he
9 told me? "Oh, you're too small. I don't have
10 the time." This is what he told me. I said
11 "Okay, fine."

12 I filed a complaint to Chris Sununu,
13 where next day I get a long e-mail from him, kind
14 of like, you know, maybe not apologizing, but
15 kind of covering his ass. And he thought "Well,
16 you know, I could help you if you like. Give me
17 a call. I'll show you this." I don't need him,
18 okay, because I'm looking at stuff from January
19 2000, all the way down the line, all these
20 orders. And there's one underlying theme of this
21 whole waste system situation: It's underfunded
22 and it's mismanaged. And that's really the crux
23 of it.

24 And that's not going to change, no

1 matter how many times you spend here today,
2 looking at exhibits, going through procedures and
3 everything else, this is not a large company.
4 And, if I understand correctly, the Public
5 Utility Commission is here to protect both
6 parties. But, from what you read these things,
7 you would think that you're siding all the time
8 with the Waste Company. We have no rights.

9 And all I'm saying is that this has to
10 stop. It's got to be put to an end. We're not
11 going to pay, you know, in perpetuity, raise the
12 rates, because they can't manage themselves. And
13 I have plenty of examples. On the other hand, I
14 have solutions. So, I'm not a person that's
15 going to throw darts without coming back and
16 having solutions.

17 I've lived there 18 years. My
18 background is I have a degree in Engineering from
19 RIT, I have an MBA in Financial Management. And,
20 for last 30 years, I've consulted companies of
21 all different sizes.

22 CMSR. SIMPSON: I'll just say, I'm
23 happy you're here. Thank you for taking the time
24 to be here today. I do sympathize, this is a

1 complex process. And we do our best to make it
2 publicly accessible. There's always opportunity
3 for improvements. So, I appreciate you
4 expressing that today.

5 I'm sorry that you didn't receive any
6 clear direction, either from the Consumer
7 Advocate or other resources. My apologies for
8 that.

9 But, today, we're glad you're here.
10 And we want to hear any of the specifics that you
11 have to share in the context of this proceeding,
12 Mr. Rizzo.

13 MR. RIZZO: Thank you.

14 CMSR. SIMPSON: Thank you.

15 MR. RIZZO: Thank you. I would just
16 like to thank Doreen Borden. She was very
17 helpful.

18 CMSR. SIMPSON: Thank you. She's in
19 our Clerks Office.

20 MR. RIZZO: That's right.

21 CMSR. CHATTOPADHYAY: So, should I
22 assume that what you just shared with us is the
23 public comment that you're making? Do you want
24 to add anything to that?

1 MR. RIZZO: Well, I mean, I have
2 specifics, okay?

3 CMSR. CHATTOPADHYAY: And I will give
4 you the --

5 MR. RIZZO: Do you want me to go into
6 the financial statement and the mismanagement?
7 Or -- I don't want to interrupt where you are.
8 So, I can interject whenever you like.

9 *[Cmsr. Chattopadhyay and Cmsr. Simpson*
10 *conferring.]*

11 CMSR. CHATTOPADHYAY: So, let me -- I
12 will give you the opportunity later.

13 MR. RIZZO: No problem. Thank you.

14 CMSR. CHATTOPADHYAY: But let me just
15 move on, and note that Exhibits 5 and 6 have been
16 prefiled and premarked for identification.

17 Is there anything regarding exhibits
18 that we need to do?

19 MS. BROWN: No. There's no
20 confidential information contained in the
21 exhibits. So, there's no need for like a motion
22 for confidential treatment.

23 CMSR. CHATTOPADHYAY: And the filing
24 that was made yesterday, you're not requesting

1 that be part of the exhibits, right?

2 MR. YOUNG: No.

3 CMSR. CHATTOPADHYAY: Okay.

4 MR. YOUNG: No. We just filed that
5 pursuant to the procedure.

6 CMSR. CHATTOPADHYAY: Yes. Okay. I
7 understand.

8 MS. BROWN: If I can speak to that
9 also? We felt that there was sufficient
10 documentation in the record with what we are
11 presenting with Exhibits 5 and 6 that
12 substantiate, you know, otherwise having the
13 Audit Report in. So, we figured, because that
14 other evidence exists, we didn't need the
15 separate audit.

16 CMSR. CHATTOPADHYAY: Thank you. The
17 Commissioners have reviewed the Settlement, as
18 well as the initial Petition and prefiled
19 testimony filings. It will not be necessary for
20 Mr. St. Cyr to summarize the initial testimony.

21 That said, we would like to hear from
22 both the Company and the DOE with respect to
23 their positions regarding why the Settlement
24 should be approved, including how the Settlement

1 addresses both the Company's Petition requests,
2 and any concerns raised by the DOE, in the course
3 of its audit and review of its docket filings.

4 Are the parties agreeable to this
5 approach?

6 MS. BROWN: Does that mean I do not
7 need to authenticate Exhibits 6 and -- 5 and 6,
8 and the testimony therein, and the discovery
9 responses?

10 CMSR. CHATTOPADHYAY: No, I think you
11 need to.

12 MS. BROWN: Okay. All right.

13 CMSR. CHATTOPADHYAY: But I'm just
14 saying that don't go into a spiel. You know,
15 keep it short. Okay.

16 MR. YOUNG: The Department does feel
17 that it will address those concerns in its direct
18 examination.

19 CMSR. CHATTOPADHYAY: Okay.

20 *[Cmsr. Chattopadhyay and Cmsr. Simpson*
21 *conferring.]*

22 CMSR. CHATTOPADHYAY: So, what I would
23 do is, I would go to the Company, if you have any
24 preliminary comments, as well as DOE. And, then,

1 I would allow Mr. Rizzo to provide his additional
2 comments.

3 So, let's start with the Company. Do
4 you have anything preliminary to say?

5 MS. BROWN: Sure.

6 The evidence that we are presenting
7 today establishes that the plant that is
8 contained in the revenue requirement is prudent,
9 used and useful. We will be presenting evidence
10 today that the management is sound. The expenses
11 are not only known and measurable, but are
12 reasonable, and that the proposed income needs is
13 also reasonable, and that the rates are just and
14 reasonable, per the statutory requirements.

15 So, I think the concerns about
16 mismanagement will be allayed through our
17 testimony, because we do not consider that there
18 has been mismanagement.

19 If there are ideas, Bedford is open to,
20 you know, hearing ideas. But, at this late stage
21 of the adjudicative docket, I think, if there's a
22 motion for intervention that is made, we would
23 object, because that timeline for filing the
24 motion to intervene was back in November of 2022.

1 And I would also add that the -- that
2 Bedford provided actual notice to each and every
3 customer through an actual mailing of the Order
4 back in November, when the case was -- the
5 tariffs were suspended and the case was opened.

6 So, we do not object to any public
7 comment, which Mr. Rizzo has a right to. We are
8 not aware that he has any representation on
9 behalf of the Homeowners Association. There is a
10 Homeowners Association, but I'm not clear that he
11 has any officer position with that, in order to
12 make any representations on behalf of any other
13 residents beside himself.

14 So, with that, we're ready to put our
15 witnesses on. But thank you for the opportunity
16 to make those initial comments.

17 CMSR. CHATTOPADHYAY: DOE.

18 MR. YOUNG: Thank you, Commissioners.

19 The Department has reviewed the filing,
20 and conducted the necessary due diligence in
21 negotiating the Settlement before you today. As
22 the record shows, and the panel of witnesses will
23 testify, the Department of Energy believes that
24 the permanent rate, step adjustments, and other

1 proposals contained in the Settlement Agreement
2 are just and reasonable and in the public
3 interest.

4 And, then, I would just clarify, I
5 guess, for the record, just from reviewing emails
6 about the service list issue we discussed
7 earlier. It does look like Mr. Rizzo was
8 receiving emails from Ms. Jaime Breen. But I
9 don't know that the online version was updated.
10 So, --

11 CMSR. SIMPSON: And I see that as well.
12 I'm trying to clarify that. Our Clerks Office
13 informed me this morning that, verbally, that he
14 was added, Mr. Rizzo was added to the service
15 list. And I believe that he's been receiving the
16 emails.

17 I see online that it's not reflected.
18 So, we'll run that to ground and figure it out,
19 what happened there.

20 And just for my information, has the
21 Department been in touch with any homeowners,
22 including Mr. Rizzo, through the course of this
23 proceeding?

24 MR. YOUNG: No.

1 CMSR. SIMPSON: Okay.

2 MR. YOUNG: We have not.

3 CMSR. SIMPSON: Okay.

4 CMSR. CHATTOPADHYAY: And can I also
5 ask, in the same vein, has the Company been in
6 touch with Mr. Rizzo?

7 MR. ST. CYR: So, I believe Mr. Rizzo
8 participated in a couple of -- I don't recall
9 what we called them, there were two evening
10 meetings that I hosted, that was coordinated
11 through the Homeowners Association. My
12 recollection is he was at least in one meeting,
13 maybe both of them. This was an opportunity for
14 the Company to sort of present its rate case and
15 its financing at the time, and then to make
16 itself available for questions about operation.

17 My recollection is I did kind of a, you
18 know, "the Company started in the '90s, and the
19 physical plant consists of this, and this is how
20 we operate." And then talked about the rate case
21 and the rate increases and the financing.

22 So, I did that on two separate nights
23 for two different groups of people, some that
24 were in both. And, so, that's the extent to

1 which the Company has been involved.

2 CMSR. CHATTOPADHYAY: Just trying to
3 make sure I follow. But do you recall that Mr.
4 Rizzo was there in those meetings?

5 MR. ST. CYR: I guess I would ask you
6 to direct that to him. My recollection is that
7 he was in at least one of them.

8 CMSR. CHATTOPADHYAY: Okay. So, I will
9 let you, Mr. Rizzo, provide any additional
10 comments you have.

11 MR. RIZZO: Okay. Concerning with what
12 Mr. St. Cyr just said, yes, and I have the notes
13 from the meeting that I was in.

14 My question is this: How can you have
15 a hearing without a defendant? This Commission
16 has increased rates, has had hearings, without
17 any representation from the defendants. In other
18 words, whose responsibility is it? Is it the
19 Waste Company that's supposed to provide
20 communication, they're supposed to put in how to
21 take care of your septic, things to do; we get
22 nothing, we get a bill, we get an envelope.

23 There's no communication with Bedford
24 Waste. There is no website. People move into

1 the neighborhood have no idea what it is or who
2 it is. They don't know who Stephen St. Cyr is.
3 There is no effort made to welcome new people,
4 give them some guidelines on what's going on, and
5 that's why you have the issues that you have now.
6 And I've been letting this go. I've been there
7 18 years as I mentioned.

8 So, is it the PUC's responsibility,
9 where you have a hearing, and you're going "What,
10 no intervenors? No nobody?" It's unusual. So,
11 then, whose job is it to make sure that we're
12 told that "you know, somebody should show up and
13 defend yourself."

14 So, I guess maybe I bullied my way in
15 here today, okay, not, you know, following the
16 rules. And I appreciate the Commission's
17 latitude in letting me do that. Okay, but, at
18 some point, whose responsibility is it to have a
19 hearing without a defendant? It's crazy. It
20 makes no sense. But, again, I don't know what
21 the rules are.

22 Concerning Mr. Brown's comment about
23 the income needs and everything else "met
24 statutory requirements", what are those? Is the

1 cash flow two times, you know, is your quick
2 ratio two-to-one? Is there supposed to be a
3 reserve fund? Is there a bad debt allowance?
4 What's the statutory requirements that she's
5 saying this all meets now with the new *pro forma*
6 statement? What is it?

7 CMSR. CHATTOPADHYAY: So, that's your
8 comments?

9 MR. RIZZO: Well, that's my comment.

10 CMSR. CHATTOPADHYAY: Thank you.

11 MR. RIZZO: But I have questions.

12 CMSR. CHATTOPADHYAY: Thank you.

13 MR. RIZZO: Like, do you want me to go
14 into all this, about the statements, and the
15 loan, and the bad debt allowance, and everything
16 else?

17 CMSR. CHATTOPADHYAY: So, the only
18 reason I'm asking is, if you're wrapping up, I
19 would ask the Company to respond, if you have --
20 if you want to, to what Mr. Rizzo is saying?

21 *[Atty. Brown and Mr. St. Cyr*
22 *conferring.]*

23 MR. ST. CYR: So, just to comment on a
24 couple of things.

1 First of all, when a new customer comes
2 into the system, there is a "new customer" letter
3 that goes out to each new customer along with
4 that first bill.

5 And, then, there has recently been
6 created a website, although we have not actively
7 made that available. It's something that was
8 created probably within the last six months.
9 And, we have, in fact, been adding some of these
10 documents. But that we need to do a better job
11 in getting -- letting people know that that
12 exists, and that some of that information is
13 available out there.

14 And, then, just with respect to the
15 intervention, as Ms. Brown said earlier, we did
16 do a specific mailing with respect to the Order
17 of Notice, which provided customers with the
18 opportunity to intervene. And, then, that was
19 followed up by those two nightly meetings that
20 Bedford Waste hosted.

21 So, that's the extent of some of what
22 we've done recently.

23 MS. BROWN: And if I may add? The
24 letters that went out to the customers noticed --

1 noted that the customers could turn to the
2 website -- the newly created website to obtain
3 any updated information on the case.

4 CMSR. CHATTOPADHYAY: When was the
5 newly created webpage up and running?

6 MR. ST. CYR: I want to say within the
7 last three to four months.

8 CMSR. CHATTOPADHYAY: When was this
9 rate case, you know, started?

10 MR. ST. CYR: It could be a little --
11 I'm sorry. It could be a little bit longer,
12 instead of three to four, it could be maybe six
13 months. I do know we specifically sent the Order
14 of Notice to customers, and that may have been,
15 in part, because the website didn't exist at the
16 time.

17 The Order of Notice has since been
18 added, along with the original filing, and along
19 with a lot of the other things that have gone on
20 since then.

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

23 CMSR. CHATTOPADHYAY: So, is there
24 anything else before we go to the witnesses?

[WITNESS PANEL: St. Cyr|Descoteau]

1 *[No verbal response.]*

2 CMSR. CHATTOPADHYAY: Okay. So,
3 Mr. Patnaude, will you please swear in the panel
4 of witnesses? And I see that there's going to be
5 Mr. St. Cyr and Ms. Robyn Descoteau.

6 *(Whereupon **STEPHEN P. ST. CYR** and*
7 ***ROBYN J. DESCOTEAU** were duly sworn by*
8 *the Court Reporter.)*

9 CMSR. CHATTOPADHYAY: And let's start
10 with the direct examination --

11 MS. BROWN: Yes.

12 CMSR. CHATTOPADHYAY: -- with the
13 Company.

14 MS. BROWN: As we've coordinated with
15 DOE, the Company is going to run through its
16 witness first. So, I'd like to start.

17 **STEPHEN P. ST. CYR, SWORN**

18 **DIRECT EXAMINATION**

19 BY MS. BROWN:

20 Q Mr. St. Cyr, could you please state your name for
21 the record?

22 A (St. Cyr) My name is Stephen P. St. Cyr. I own
23 St. Cyr & Associates, which provides accounting,
24 management, and regulatory services, mostly to

[WITNESS PANEL: St. Cyr|Descoteau]

1 utilities, mostly water and sewer companies here
2 in New Hampshire.

3 Q Thank you for preempting my next question, which
4 was to have you explain what services you
5 provide.

6 Next question, can you please state
7 your area of expertise?

8 A (St. Cyr) I have a BS degree, with a
9 concentration in Accounting, from Northeastern
10 University; a Master's level Tax Certificate from
11 New Hampshire College, which is now Southern New
12 Hampshire University. And I have a CPA from the
13 State of Maryland.

14 Q And, so, what do you consider to be your area of
15 expertise?

16 A (St. Cyr) Accounting, tax, management, and
17 regulatory matters.

18 Q Okay. Thank you. And can you please briefly
19 describe your involvement with this docket, this
20 rate case docket?

21 A (St. Cyr) So, I prepared the original rate
22 filing, which included my testimony, both the
23 temporary and permanent rate exhibits, and the
24 two step proposals, along with other rate filing

[WITNESS PANEL: St. Cyr|Descoteau]

1 requirements.

2 Q And is the work that you performed on this rate
3 case within that area of expertise of accounting,
4 management, and regulatory?

5 A (St. Cyr) Yes.

6 Q Have you worked on other dockets before this
7 Commission?

8 A (St. Cyr) I have.

9 Q And how long have you been involved in rate
10 proceedings before this Commission? I'm sorry to
11 ask.

12 A (St. Cyr) I'm tempted to say "too long", but it's
13 been approximately 30 years.

14 Q Thank you. Have those rate proceedings involved
15 water and sewer utilities?

16 A (St. Cyr) Yes.

17 Q Of what size?

18 A (St. Cyr) Mostly small to medium size companies
19 here in New Hampshire.

20 Q Okay. And have you offered testimony in any of
21 those proceedings within your area of expertise
22 we just noted?

23 A (St. Cyr) Yes.

24 Q And has any of that expert testimony ever not

[WITNESS PANEL: St. Cyr|Descoteau]

1 been admitted before the Commission?

2 A (St. Cyr) No. None of it's not been admitted.

3 Q Okay. And will your testimony today be part fact
4 and part expert testimony?

5 A (St. Cyr) That's correct.

6 Q Okay. Thank you. If I could just briefly
7 authenticate some exhibits. Do you have
8 Exhibit 5 before you?

9 A (St. Cyr) I do.

10 Q And can you please state what it is for the
11 record?

12 A (St. Cyr) This is the original case filing,
13 including the permanent rate, temporary rate,
14 Step 1, Step 2 increases, and related schedules.

15 Q And are you familiar with Exhibit 5?

16 A (St. Cyr) I am.

17 Q And, as part of this filing, did you prepare
18 direct testimony?

19 A (St. Cyr) Yes.

20 Q And let me just turn, I believe that's Pages 29
21 through 47, if you could turn to that. Or, do
22 you have it before you?

23 A (St. Cyr) I don't, but it is my testimony.

24 Q Okay. So, you remember your testimony in there.

[WITNESS PANEL: St. Cyr|Descoteau]

1 So, was this testimony in the rate filing
2 prepared under your direct supervision and
3 control?

4 A (St. Cyr) It was prepared by me.

5 Q Okay. And, to the best of your knowledge, is
6 that testimony true and accurate?

7 A (St. Cyr) Yes.

8 Q And, other than changes to references to the PUC
9 1604.06 and the 1604.08 schedules, and any
10 changes from discovery and audit, are there any
11 material changes that need to be made to this
12 testimony?

13 A (St. Cyr) No.

14 Q And would you adopt that written testimony as
15 part of your oral testimony today?

16 A (St. Cyr) Yes.

17 Q Okay. If we could move onto Exhibit 6, and
18 please, for the record, can you identified
19 Exhibit 6?

20 A (St. Cyr) This is the Settlement Agreement on
21 Permanent Rates.

22 Q And did you participate in the creation of this
23 Settlement?

24 A (St. Cyr) I did.

[WITNESS PANEL: St. Cyr|Descoteau]

1 Q Are you familiar with the terms of the Settlement
2 Agreement?

3 A (St. Cyr) Yes.

4 Q Are you aware of any changes or corrections that
5 need to be made to Exhibit 6?

6 A (St. Cyr) No.

7 Q Okay. As part of this Exhibit 6, Attachment E,
8 are you familiar with Attachment E?

9 A (St. Cyr) Yes.

10 Q And what are those? Or, what is Attachment E?

11 A (St. Cyr) Attachment E is the select data
12 responses, certain select data responses.

13 Q Okay. And, with respect to these responses, did
14 you respond on behalf of the Company?

15 A (St. Cyr) I did.

16 Q And were the responses correct and accurate at
17 the time that you made them?

18 A (St. Cyr) Yes.

19 Q Are you aware of any changes or corrections that
20 need to be made to the data responses included in
21 Attachment E?

22 A (St. Cyr) No.

23 Q Okay. I'd like to have you just move on to
24 Attachment F. And please state for the record

[WITNESS PANEL: St. Cyr|Descoteau]

1 what Attachment F is?

2 A (St. Cyr) This is DOE's Final Audit Report.

3 Q Are you familiar with the Final Audit Report?

4 A (St. Cyr) Yes.

5 Q And, as customary in these audits, does Audit ask
6 the Company questions?

7 A (St. Cyr) Yes.

8 Q And did the Company provide responses?

9 A (St. Cyr) We did.

10 Q And are some of those responses in this Audit
11 Report?

12 A (St. Cyr) Yes.

13 Q Were the responses the Company provided in
14 Attachment F correct at the time that they were
15 made?

16 A (St. Cyr) Yes.

17 Q Are you aware of any changes or corrections that
18 need to be made to the responses in Attachment F?

19 A (St. Cyr) No.

20 Q Okay. And, if I can move on to Attachment A, and
21 get into some substance of the Settlement. And
22 I'd like to start you off at Page 18 of
23 Exhibit 16 [6?], which is the first page of
24 Attachment A. Just let me know when you're

[WITNESS PANEL: St. Cyr|Descoteau]

1 there?

2 A (St. Cyr) I am there.

3 Q Okay. Can you just summarize for the record the
4 components of the revenue requirement that's
5 agreed to, displayed here?

6 A (St. Cyr) Yes. So, the components of the revenue
7 requirement consist of rate base, rate of return,
8 revenue, and expenses.

9 Q And what is the dollar amount of the revenue
10 increase that is agreed to?

11 A (St. Cyr) That increase is \$18,043.

12 Q Okay. And it's not on this Page 18.

13 A (St. Cyr) It's on Page 19, Schedule 1, in Column
14 (c), "Proforma Adjustments", "Operating Revenue
15 \$18,043".

16 Q Okay. Thank you. Mr. St. Cyr, I'd like to have
17 you turn to Schedule 1, "Statement of Income",
18 which is this Page 19. And are the components of
19 the Operating Income, as well as the Other Income
20 and Deductions, are those from the Chart of
21 Accounts for Water Utilities?

22 A (St. Cyr) So, the accounting for them is
23 consistent with the Uniform Accounts, and the
24 accounts that we follow are those listed in the

[WITNESS PANEL: St. Cyr|Descoteau]

1 Uniform System of Accounts.

2 Q Okay. Thank you. Is there anything noteworthy
3 that you wish to bring to the Commissioners'
4 attention about the entries on this Statement of
5 Income?

6 A (St. Cyr) Well, the first thing I would call to
7 their attention is the "Actual 2021 Year End
8 Balance", and the "Net Operating Income (Loss)".
9 In 2021, the test year, the loss was "16,290".
10 This is mostly related to a bad debt expense,
11 which has been reversed throughout the process.

12 The second thing I would point out to
13 the Commissioners is the "Proforma 2021 Year End
14 Balance". Again, that same line, "Net Operating
15 Income", the proforma net operating income is
16 "\$6,976". This is the amount of net operating
17 income required for the Company to earn a 7.18
18 percent return on its year-end rate base.

19 Q Thank you, Mr. St. Cyr. Can I have you turn to
20 the next page, Page 20, which is Schedule 1A? Is
21 this the support for the net operating income
22 part of the revenue requirement?

23 A (St. Cyr) Yes. This shows the specific
24 adjustments made to operating revenue and

[WITNESS PANEL: St. Cyr|Descoteau]

1 operating expenses. Looks like there were a
2 total of 14 or 15 adjustments that were made to
3 test year revenue and expenses.

4 Q And can you just summarize some of the important
5 adjustments?

6 A (St. Cyr) So, I'll touch on a couple of the
7 bigger ones. First of all, the net of the first
8 two adjustments, identified as "0" and
9 Adjustment 1, is "\$18,043". This is the amount
10 of the increase. And, again, we needed that
11 amount of increase in order to cover our expenses
12 and to earn our rate of return.

13 A couple of the bigger expense
14 adjustments, I guess the first thing I would
15 point out is Adjustment 9, this is on the bad
16 debt expense. As I indicated earlier, this
17 contributed to the net operating loss in the test
18 year, and it was reversed out. So, it's not
19 taken into consideration in the proforma test
20 year.

21 And I would just note, there have been
22 some questions about that throughout the
23 proceeding. I would just point out that that
24 pertains to one customer. We wrote off the

[WITNESS PANEL: St. Cyr|Descoteau]

1 balance in 2021. We have since pursued that
2 customer in court, and have received a favorable
3 judgment. We're scheduled to go to court again
4 next week, July 20th, in order for a payment -- a
5 payment hearing. And, at this point, we still do
6 not have any of those funds for that.

7 Maybe the second adjustment I would
8 just point out is number 7. During the test
9 year, we generally try to plan two semi-annual
10 pumpings. These are when we hire a pump company
11 to go out and pump out the septic tanks. We try
12 to do that twice a year, in the spring and the
13 fall. In the test year, there was only one,
14 because of a shortage of cash. And this is an
15 adjustment to increase the test year expenses to
16 enable us to do two semi-annual pumpings a year.

17 And then, there are any number of other
18 adjustments, mostly minor, to adjust the level of
19 expenses in the test year, versus what we're
20 currently experiencing.

21 Q Thank you, Mr. St. Cyr. I'd like to have you go
22 to Schedule 1B please, 1B. And that is on
23 Page 23 of Exhibit 6.

24 A (St. Cyr) So, 1B is a statement of some of the

[WITNESS PANEL: St. Cyr|Descoteau]

1 specific operating expenses. These provide
2 further support for the adjustments that I just
3 talked about. This is almost a line-by-line
4 expense itemization. And it shows the test year
5 amount, it shows what the Company initially
6 adjusted those expenses to, it shows DOE further
7 adjustments, and then, ultimately, it shows what
8 Bedford and DOE agreed to as the Settlement
9 adjusted amounts.

10 Q And, Mr. St. Cyr, just to have you explain this
11 in a little bit more detail, there are some
12 bracketed numbers that appear after some of these
13 expenses. Is it correct that that references the
14 discovery response that's cited in the notes at
15 the bottom of this schedule?

16 A (St. Cyr) Yes. I think, initially, those note
17 numbers were numbers that I put in. The notes
18 were what I described as an attempt to explain
19 what the change might be. And, then,
20 subsequently, DOE had some data requests, and the
21 Company responded to those. And there may or may
22 not have been an adjustment based on the
23 Company's responses. But those notes were
24 subsequently added to, and specific references

[WITNESS PANEL: St. Cyr|Descoteau]

1 were made to DOE data requests, to further
2 support the adjustments that ultimately the
3 Company and DOE agreed to.

4 Q And, Mr. St. Cyr, those data responses are the
5 ones you were referring to in Attachment E to the
6 Settlement Agreement, is that correct?

7 A (St. Cyr) That's correct.

8 Q Now, did Audit Staff review these expenses?

9 A (St. Cyr) Yes, they did.

10 Q And that resulted in the Attachment F, "Audit
11 Report", is that correct?

12 A (St. Cyr) That's correct.

13 Q Okay. All right. So, in summary, with this
14 Schedule 1B, and it may be self-evident, but
15 Bedford agrees with these adjustments, is that
16 correct?

17 A (St. Cyr) That's correct.

18 Q Okay. Thank you. All right. If I could have
19 you go back to Page 18, with respect to the "Rate
20 Base" line, which is Schedule 3, can you please
21 explain the difference between the columns?
22 We've got a column "5 Quarter Average" and we
23 have a column for "Proforma". If you could just
24 please explain the difference?

[WITNESS PANEL: St. Cyr|Descoteau]

1 A (St. Cyr) So, I guess I would refer people to
2 Schedule 3, the explanation is little bit more
3 obvious on the Schedule 3.

4 What you see on Schedule 3 is the
5 actual rate base balances for the five quarters
6 during 2021, and then a five-quarter average, and
7 then a series of adjustments to get to the
8 proforma 2022 balances. The adjustments were
9 largely to get the five-quarter average to a
10 year-end balance.

11 I think there was only one adjustment
12 that didn't pertain to adjusting the five-quarter
13 average to year-end, and that adjustment had to
14 do with an additional half year of accumulated
15 depreciation.

16 Q So, Mr. St. Cyr, are you familiar with the
17 concept of -- the regulatory concept of "prudent,
18 used and useful"?

19 A (St. Cyr) I am.

20 Q Okay. So, the plant, the rate base that's
21 depicted here, do you have an opinion on whether
22 it's prudent, used and useful?

23 A (St. Cyr) It is all those things.

24 Q Now, can I have you turn to Page 27 of Exhibit 6?

[WITNESS PANEL: St. Cyr|Descoteau]

1 Let me know when you're there?

2 A (St. Cyr) I'm there.

3 Q Okay. Can you please summarize the adjustments
4 to the plant, accumulated depreciation, CIAC, and
5 working capital?

6 A (St. Cyr) Yes. So, these are the specific
7 adjustments to the rate base items that support
8 the adjustments shown on Schedule 3.

9 Q Okay. And, then, on Page 29, can you explain the
10 rate of return then agreed to in this Settlement?

11 A (St. Cyr) Yes. So, the agreed upon rate of
12 return is "7.18 percent". Because Bedford's
13 equity is negative, it's based on the actual cost
14 rate for debt. The actual cost rate is 6.8
15 percent, plus the cost of financing. And, when
16 you factor in the cost of financing, the rate
17 goes from --

18 *[Court reporter interruption.]*

19 **CONTINUED BY THE WITNESS:**

20 A (St. Cyr) So, the cost of debt is 6.80 percent.
21 And, when you factor in the cost of financing,
22 that additional cost results in the cost of debt
23 being 7.18 percent. And, because the equity is
24 negative, we use the 7.18 percent for the rate of

[WITNESS PANEL: St. Cyr|Descoteau]

1 return as well.

2 BY MS. BROWN:

3 Q Okay. Mr. St. Cyr, I'd like to have you turn to
4 the "Report of Proposed Rate Change". For the
5 record, it is Schedule 5, in Exhibit 6, Page 30.
6 And can you please just walk us through, from the
7 revenue requirement, how that flows through and
8 you calculate the resulting customer rate?

9 A (St. Cyr) So, this shows the "Number of
10 Customers", the "Present Authorized Revenue"
11 [sic], and the "Proposed Revenue", and the
12 related changes. As you can see, the current
13 authorized revenue is "\$48,600"; the proposed
14 revenue is "\$66,335"; the change is approximately
15 18,000. And that results in an annual permanent
16 rate of "\$850.45".

17 Q And how frequently does Bedford bill customers?

18 A (St. Cyr) Bedford bills quarterly, we bill
19 quarterly in arrears. So, we bill the first of
20 the quarter for the prior quarter. The most
21 recent quarter would have been a July 1 quarter
22 for the second quarter of 2023.

23 Q And, so, on a quarterly basis, how much is this
24 850 charge?

[WITNESS PANEL: St. Cyr|Descoteau]

1 A (St. Cyr) Let's see.

2 Q Subject to check, would you agree with my math of
3 212.61?

4 A (St. Cyr) That is correct.

5 Q Okay. Thank you. Mr. St. Cyr, are temporary
6 rates in effect?

7 A (St. Cyr) Yes.

8 Q So, when Bedford issues its bills, with the
9 temporary rates, is there going to be any
10 reconciliation between the temporary and
11 permanent?

12 A (St. Cyr) Yes.

13 Q And, subject to check, do you recall that the
14 effective date of temporary rates was
15 November 17th, 2022?

16 A (St. Cyr) That is correct.

17 Q Okay. And can you remind us, were the temporary
18 rates in effect on a service-rendered basis?

19 A (St. Cyr) Yes.

20 Q Okay. Now, if I can go back to the text of the
21 Settlement Agreement, and I'd like to have you
22 turn to Paragraph 4.3.2. So, in this paragraph,
23 do you see the second line where it references
24 "30 days" for Bedford to make a filing?

[WITNESS PANEL: St. Cyr|Descoteau]

1 A (St. Cyr) I do see that, yes.

2 Q Okay. And, so, this is the temporary and
3 permanent rate reconciliation filing, is that
4 correct?

5 A (St. Cyr) That is correct.

6 Q Can you please summarize what Bedford needs to do
7 to make this filing, and what reconciliation --
8 how you go about your reconciliation?

9 A (St. Cyr) So, we would have to prorate, because
10 the effective date is November 17th, and is
11 effectively in the middle of a quarter, we would
12 prorate the temporary to permanent rate
13 difference from November 17th to, I presume, the
14 date of the Commission order. And we would take
15 into consideration it on a prorated basis.

16 Q Okay. Thank you. Mr. St. Cyr, with the next
17 paragraph down, which is -- or "section", which
18 is "4.4. Rate Case Expenses", has Bedford been
19 filing estimated rate case expense reports?

20 A (St. Cyr) We have been filing the quarterly
21 reports required by the Commission.

22 Q And, once permanent rates are approved, under
23 what timeframe did the parties agree that Bedford
24 will file its rate case expense recovery request?

[WITNESS PANEL: St. Cyr|Descoteau]

1 A (St. Cyr) Within 30 days.

2 Q Okay. And will Bedford also be suggesting a
3 proposed surcharge for that recovery?

4 A (St. Cyr) We will.

5 Q Mr. St. Cyr, if I could have you turn the page to
6 Section 4.5 of the Settlement Agreement, and have
7 you turn to Section 4.5.1, regarding Step 1. Are
8 you there?

9 A *[Witness St. Cyr indicating in the affirmative].*

10 Q Okay. And, so, what is, if you can summarize for
11 the record, what is Step 1 comprised of?

12 A (St. Cyr) Step 1 consists of seven pump
13 replacements that took place in 2022.

14 Q Okay. And, then, over on Page 11, Section 4.5.2,
15 can you explain what Step 2 is to be comprised
16 of?

17 A (St. Cyr) So, the parties have agreed that Step 2
18 would be limited to the first three pump
19 replacements in 2023.

20 Q Okay. As part of Bedford's initial rate filing,
21 did it request recovery under these two
22 mechanisms, a Step 1 and Step 2?

23 A (St. Cyr) It did.

24 Q Are you aware of whether the Commission noticed

[WITNESS PANEL: St. Cyr|Descoteau]

1 this docket for the issues of Step 1 and Step 2?

2 A (St. Cyr) I am aware that that was included in
3 the notice.

4 Q Now, Mr. St. Cyr, can you turn to Attachment B to
5 the Settlement Agreement?

6 A *[Witness St. Cyr nodding in the affirmative].*

7 Q Okay. And, for the record, this is Pages 32
8 and 33 for the record.

9 With respect to Step 1, Mr. St. Cyr,
10 how much did 2022 pumps cost?

11 A (St. Cyr) So, the 2022 costs related to the seven
12 pump replacements was "\$31,506".

13 Q Okay. Can you please explain how much of a
14 revenue increase results from these 2022 pumps?

15 A (St. Cyr) It results in a "\$7,061" revenue
16 increase.

17 Q And, percentwise, what is that increase
18 represented by?

19 A (St. Cyr) That's at 10.64 percent.

20 Q Okay. And, for comparison, do you recall the
21 temporary rate increase that was granted in this
22 proceeding?

23 A (St. Cyr) No. Approximately 16 percent.

24 Q Okay.

[WITNESS PANEL: St. Cyr|Descoteau]

1 A (St. Cyr) Subject to check, approximately 16
2 percent.

3 Q Okay. Thank you very much.

4 A (St. Cyr) 16.1 percent.

5 Q Thank you. Mr. St. Cyr, if the Commission were
6 not to somehow approve the Step 1, would it put
7 Bedford in an immediate earnings deficiency?

8 A (St. Cyr) Yes. So, the permanent rate is based
9 on the proforma rate base and the proforma level
10 of revenue expenses. It does not include any of
11 the 2022 additions to plant. If the Commission
12 does not approve Step 1 along with the permanent
13 rates, all other things being equal, we would
14 immediately be in an earnings-deficient position.

15 Q Okay. Mr. St. Cyr, with respect to the Step 2
16 and 2023 pump replacements, how much is that
17 expected to cost?

18 A (St. Cyr) So, the approximate cost of a pump
19 replacement is roughly \$4,000. And, because
20 we've limited that to three, included in the
21 Step 2 is "\$12,000". But I would point out that
22 the parties have agreed that it will be the
23 \$12,000, or the actual cost incurred.

24 Q Okay. And it now being 2023, the cost of these

[WITNESS PANEL: St. Cyr|Descoteau]

1 pump replacements is not in the revenue
2 requirement, is that correct?

3 A (St. Cyr) That is correct.

4 Q And does the Company see the inclusion of the
5 Step 2 as a way to make the Company whole?

6 A (St. Cyr) Yes.

7 Q Mr. St. Cyr, can you just touch upon please how
8 the Step 1 costs are known and measurable?

9 A (St. Cyr) Well, because the pumps have been
10 replaced and the actual costs have been incurred,
11 we know what the actual expenditures are.

12 Q Mr. St. Cyr, if I could have you direct your
13 attention to Attachment E to the Settlement
14 Agreement, on Page 176. And I'm referring you to
15 the Company's response to DOE 2-8. Let me know
16 when you're there?

17 A (St. Cyr) I don't have that. If you wouldn't
18 mind just showing me that?

19 MS. BROWN: If I can approach?

20 *[Atty. Brown handing document to*

21 *Witness St. Cyr.]*

22 BY MS. BROWN:

23 Q If you can just identify for the record what I
24 just handed you?

[WITNESS PANEL: St. Cyr|Descoteau]

1 A (St. Cyr) So, this is the Company's response to
2 DOE Data Request 2-8. And the request asks for
3 "copies of the supporting invoice", and attached
4 to the response are the actual invoices that were
5 incurred in 2022. And this is on Page 176 to
6 199.

7 Q And, if the Commission were looking for
8 documentation for Step 1, would we direct them to
9 this response?

10 A (St. Cyr) That's correct.

11 Q And have these -- the invoices attached to DOE
12 2-8, have they been reviewed and corroborated,
13 audited by DOE?

14 A (St. Cyr) That's correct.

15 Q All right. Thank you. If I can have you turn
16 back to the substance of the Settlement
17 Agreement. In particular, to the "Annual
18 Reporting of Accounts Receivable", that's
19 Section 4.7. Let me know when you are there.

20 A *[Witness St. Cyr indicating in the affirmative].*

21 Q And, Mr. St. Cyr, can you please explain what
22 reporting is required under this section?

23 A (St. Cyr) So, the parties have agreed that
24 Bedford will report its year-end accounts

[WITNESS PANEL: St. Cyr|Descoteau]

1 receivable balance by "current", "1 to 30", "31
2 to 60", "61 to 90", and "over 90 days".

3 Q And, Mr. St. Cyr, the way that this reporting is
4 fashioned, is it going to be protective of any
5 confidential personal customer information?

6 A (St. Cyr) This report will not have any personal
7 confidential information.

8 Q Okay. Thank you very much. With respect to the
9 next section, 4.8, "Depreciation Fund Account",
10 let me know when you're there?

11 A (St. Cyr) I'm there.

12 Q Okay. Can you please explain what this fund is?

13 A (St. Cyr) So, in DW 99-051, the Commission
14 required Bedford to maintain a Depreciation Fund
15 into which Bedford would place any excess revenue
16 over expenditures.

17 Q And what's the balance in this fund these days?

18 A (St. Cyr) The balance is zero. Technically, it's
19 negative, since, in most years, the expenditures
20 exceed the revenue. And the accumulation of
21 those years would result in a negative balance.

22 Q Thank you. Mr. St. Cyr, can I just have you turn
23 back to 4.6, the "Management Fees and Affiliate
24 Agreement". Does Bedford have any employees?

[WITNESS PANEL: St. Cyr|Descoteau]

1 A (St. Cyr) No.

2 Q So, does it need to rely on a management
3 agreement to secure services that employees would
4 otherwise offer?

5 A (St. Cyr) Yes.

6 Q Thank you. Can I have you turn to Page 14,
7 Section 4.9, "Financings". With respect to Note
8 (1), can you please summarize that for the
9 record?

10 A (St. Cyr) Sure. As approved by Commission -- by
11 the Commission in DW 22-054, Bedford borrowed
12 \$186,207 from its owner, Mr. LaMontagne.
13 Proceeds from the borrowings were used to pay off
14 the previously existing Merrimack County Savings
15 Bank loan, as well as a short-term shareholder
16 loan, and past-due operating expenses.

17 Q Thank you for that summary. Can you summarize
18 the last two notes?

19 A (St. Cyr) So, the two other notes are actually
20 cited in 4.9.9 [4.9.1?], (2) and (3). The first
21 one is "A non-interest bearing advance from the
22 Shareholder in the amount of approximately
23 30,000", to cover rate case expenses. And the
24 second one is "A working capital line-of-credit

[WITNESS PANEL: St. Cyr|Descoteau]

1 from the Shareholder in an amount not to exceed
2 \$12,000", and this relates to primarily pump
3 replacements. And it's at a variable interest
4 rate of the Wall Street Journal prime plus half a
5 percent.

6 Q Okay. Mr. St. Cyr, can you please comment on,
7 and also if you have an opinion on, the public
8 interest nature, and whether these terms are
9 reasonable for these notes?

10 A (St. Cyr) So, I do believe they're in the public
11 interest, and the terms are certainly reasonable.

12 Q With respect to the interest rate, I believe,
13 let's see, no, I'm going to move on, sorry.
14 You've already covered that.

15 Leach field assessments, Section 4.10,
16 can you please describe what the Company is doing
17 with respect to assessments?

18 A (St. Cyr) So, the Company last assessed the leach
19 fields in October of 2021. And we have agreed
20 that we would do that no later than January 1,
21 2027.

22 Q Can you please speak to the level of assessment,
23 compared to what's been done in the past, for its
24 assessments of the leach fields, and what the

[WITNESS PANEL: St. Cyr|Descoteau]

1 Company envisions filing by the January 2027
2 deadline?

3 A (St. Cyr) So, the Company would hire somebody to
4 go out and test the leach fields, make a
5 determination as to their present condition, and
6 then file a report with the DOE and the PUC.

7 Q And what is their present -- the present
8 condition of the leach fields?

9 A (St. Cyr) The present condition is fair.

10 Q Can I have you turn to Attachment G of the
11 Settlement Agreement?

12 A *[Witness St. Cyr indicating in the affirmative].*

13 Q Now, if you recall your testimony on the Report
14 of Proposed Rate Change, the new rate being \$850,
15 is that depicted on this Revised Page 7?

16 A (St. Cyr) It is.

17 Q And Bedford only has one customer class, is that
18 correct?

19 A (St. Cyr) Yes, residential customers.

20 Q Can you please turn the page to the next proposed
21 tariff change, and that's "Page 6a". For
22 Exhibit 6, it's Page 262. Can you please explain
23 the Company's reasoning behind adding that
24 change?

[WITNESS PANEL: St. Cyr|Descoteau]

1 A (St. Cyr) So, we just -- we primarily wanted to
2 just clarify that attorney costs were included.
3 At the time in which this was originally drafted,
4 I don't believe we were using an attorney to
5 pursue these matters in small claims court. And,
6 more recently, we have. So, we just added the
7 language that any attorney costs can also be
8 added to a customer's account.

9 Q And, Mr. St. Cyr, just to follow up. The
10 management agreement that you just referenced,
11 that does not offer legal services, is that
12 correct? Is that why you have to have a separate
13 attorney?

14 A (St. Cyr) That's correct.

15 Q Mr. St. Cyr, do you have a opinion on the just
16 and reasonableness of the revenue requirement and
17 the rates proposed here?

18 A (St. Cyr) I believe they're just and reasonable.

19 MS. BROWN: Thank you for the
20 opportunity to conduct direct on Mr. St. Cyr.

21 CMSR. CHATTOPADHYAY: Thank you. Let's
22 go to the DOE.

23 MR. YOUNG: The DOE has no
24 cross-examination for Mr. St. Cyr. And we would

[WITNESS PANEL: St. Cyr|Descoteau]

1 just move to direct of Ms. Descoteau.

2 CMSR. CHATTOPADHYAY: Please do.

3 **ROBYN J. DESCOTEAU, SWORN**

4 **DIRECT EXAMINATION**

5 BY MR. YOUNG:

6 Q Good morning, Ms. Descoteau. Could you please
7 state your name and position at the Department
8 for the record?

9 A (Descoteau) My name is Robyn J. Descoteau. And
10 I'm a Utility Analyst in the Water and Sewer
11 Group of the Department's Regulatory Division.

12 Q And for how long have you held your current
13 position?

14 A (Descoteau) I've been a Utility Analyst for
15 eleven years. Prior to that, I worked in the
16 Audit Division for six years.

17 Q And what are your primary responsibilities as an
18 analyst in the Water Division?

19 A (Descoteau) I'm responsible for the examination,
20 evaluation, and analysis of financing and rate
21 filings, including the recommendation of changes
22 in revenue levels, that conform to regulatory
23 methodologies and/or proposals for economical,
24 accounting, and operational changes affecting the

[WITNESS PANEL: St. Cyr|Descoteau]

1 regulatory -- excuse me -- the regulated utility
2 revenue requirements.

3 I represent the Department in meetings
4 with Company officials, outside attorneys, and
5 accountants, relative to the rate case and
6 financing matters.

7 Q Thank you. And, in your capacity as an analyst,
8 did you examine the Company's permanent rate
9 filing in this proceeding?

10 A (Descoteau) Yes, I did.

11 Q And would you describe your involvement in this
12 docket in a little more detail please?

13 A (Descoteau) In this docket, I reviewed the
14 original filing, including testimony. I tested
15 the mathematical integrity of the filing, and
16 tied figures to the annual reports on file at the
17 DOE. I also reviewed the Audit Report and
18 discovery responses. I participated in
19 settlement discussions, and reviewed the revenue
20 requirement schedules attached to the Settlement
21 Agreement.

22 Q And, as previously mentioned, did the DOE perform
23 an audit of the Company?

24 A (Descoteau) Yes. The Audit Report, dated

[WITNESS PANEL: St. Cyr|Descoteau]

1 December 22nd, is contained in the Settlement
2 Agreement as "Attachment F".

3 Q Were the adjustments recommended in the Audit
4 Report incorporated into the revenue requirement
5 that is proposed in the Settlement Agreement
6 today?

7 A (Descoteau) Yes. There was only one audit issue,
8 Issue Number 3, regarding a proposed proforma
9 adjustment by the Company, would impact the
10 revenue requirement, and that is reflected in the
11 Settlement Agreement being presented.

12 Q Thank you. And, then, moving to the Settlement
13 Agreement, do you have Exhibit 6 in front of you?

14 A (Descoteau) Yes, I do.

15 Q And are you familiar with this exhibit?

16 A (Descoteau) Yes, I am.

17 Q And Exhibit 6 is the Settlement Agreement on
18 Permanent Rates, is that correct?

19 A (Descoteau) Yes, it is.

20 Q Are you aware of any material changes or
21 corrections that need to be made to Exhibit 6?

22 A (Descoteau) I am not aware of any.

23 Q Do you have anything further to add regarding Mr.
24 St. Cyr's testimony regarding permanent rates or

[WITNESS PANEL: St. Cyr|Descoteau]

1 the step adjustments proposed in the Settlement
2 Agreement?

3 A (Descoteau) I do not.

4 Q Just getting into some of the specifics of the
5 Settlement. Turning to Bates Page 9 of
6 Exhibit 6, and I know that Mr. St. Cyr provided
7 an overview. But could you give us maybe, again,
8 just a brief summary of provisions included in
9 Sections 4.3 and 4.4, regarding the "Temporary to
10 Permanent" and the "Rate Case Expenses", and then
11 give us an overview of DOE's anticipated review
12 process?

13 A (Descoteau) Sure. Section 4.3 discusses
14 Bedford's agreement to file its reconciliation of
15 temporary rates and permanent rates with the
16 Commission within 30 days of the date of the
17 Commission order approving Bedford's revenue
18 requirement. The recovery will be calculated
19 from November 17th to the effective date of the
20 Commission's order approving permanent rates.

21 Section 4.4 discusses Bedford's
22 recovery of its reasonable and prudently incurred
23 rate case expenses for this proceeding. Rate
24 case expenses may include legal and consultant

[WITNESS PANEL: St. Cyr|Descoteau]

1 expenses, incremental administrative expenses,
2 and other expenses allowed under Puc 1906.01.
3 Similar to Bedford's rate reconciliation filing,
4 Bedford's rate case expense recovery filing must
5 be filed within 30 days from the date of the
6 Commission's order approving Bedford's revenue
7 requirement.

8 DOE anticipates that the Regulatory
9 Division will conduct a full review of the
10 temporary to permanent rate recoupment and rate
11 case expense filings. Based on its review of the
12 filings, the Regulatory Division anticipates it
13 will submit a technical report to the Commission.

14 Q Thank you. And, then, turning the page to Bates
15 Page 010, regarding Step 1, could you please just
16 provide an update regarding the status of the
17 DOE's review of this Step 1?

18 A (Descoteau) The Regulatory Division has reviewed
19 Step 1, and the Division of Enforcement's Audit
20 team has conducted its audit. Nothing of
21 materiality was noted. The Audit Report has been
22 filed with the Commission.

23 Q And, then, regarding Bates Page 011, specifically
24 Step 2, could you please describe what you

[WITNESS PANEL: St. Cyr|Descoteau]

1 believe the DOE's review will entail?

2 A (Descoteau) I anticipate that the Division of
3 Enforcement's Audit team will examine the filing,
4 and submit a report of its findings.

5 Concurrently, the Regulatory Division will review
6 the filing and audit report, posing data requests
7 to the Company as necessary. Depending on the
8 results of its review of the filing, the
9 Regulatory Division might find it necessary to
10 submit a technical report or a settlement
11 agreement.

12 Q And, referring to Bates Page 012, just to clarify
13 for the record, did you review the affiliate
14 agreement of LaMontagne Management Corporation on
15 file with the Commission?

16 A (Descoteau) Yes, I did.

17 Q And do the rates contained in that affiliate
18 agreement correspond with the proposed revenue
19 requirement included in Exhibit 6?

20 A (Descoteau) Yes, they do.

21 Q Moving through the Settlement, to Bates Page 013,
22 regarding the "Annual Reporting of Accounts
23 Receivable" that was previously discussed in
24 Section 4.7. Do you believe that the summary

[WITNESS PANEL: St. Cyr|Descoteau]

1 reporting of the Company's aged accounts
2 receivable balances that is proposed is adequate
3 to comply with the Commission's previously
4 ordered -- previously ordered order in Order
5 Number 24,479, in Docket DW 04-144?

6 A (Descoteau) Yes. A summary report of the
7 Company's aged accounts receivable balances will
8 provide sufficient information for the DOE to
9 track the progression of past-due balances.

10 Q And regarding the Depreciation Fund next, Section
11 4.8 of the Settlement, on Bates Page 013,
12 starting on Bates Page 013, does the DOE agree
13 with the proposals contained in this section of
14 the Settlement Agreement?

15 A (Descoteau) Yes. The DOE agrees that, for the
16 purposes of 2023, and until the conclusion of the
17 next general rate case proceeding, Bedford should
18 continue to file an annual calculation of
19 deposits to the Depreciation Fund.

20 Q Moving to the two first financings on Bates
21 Page 014 now, Section 4.9. Are the two
22 financings presented in this Settlement Agreement
23 consistent with what DOE agreed to in the
24 Settlement Agreement previously filed in PUC

[WITNESS PANEL: St. Cyr|Descoteau]

1 Docket DW 22-054?

2 A (Descoteau) Yes. The two financings presented in
3 this Settlement Agreement are consistent with the
4 filings approved in DW 22-054, Order Number
5 26,800, dated April 12th, 2023.

6 Q And, with regard to the "Miscellaneous Tariff
7 Revision" presented in Section 4.11, on Bates
8 Page 015, do you believe that this proposed
9 tariff change is just and reasonable?

10 A (Descoteau) Yes. It is just and reasonable to
11 revise Page 6 to include the actual attorney fees
12 incurred by Bedford in the amount of collection
13 costs to be reimbursed by customers.

14 Q Then, wrapping up, based on your review of the
15 Company's permanent rate filing and the
16 Settlement presented today, marked as
17 "Exhibit 6", do you believe that the proposed
18 permanent rates are just and reasonable?

19 A (Descoteau) Yes, I do.

20 Q Do you believe that the permanent rates and the
21 proposed step adjustments, along with the other
22 proposals contained in the Settlement Agreement,
23 are in the public interest?

24 A (Descoteau) Yes, I do.

[WITNESS PANEL: St. Cyr|Descoteau]

1 MR. YOUNG: Thank you. That is all I
2 have for direct.

3 CMSR. CHATTOPADHYAY: Thank you.

4 Before we go to the Commissioners'
5 questions, does the Company have any
6 cross-examination, even if it's in the nature of
7 friendly cross?

8 MS. BROWN: No, no friendly direct,
9 friendly cross, otherwise. Thank you very much
10 for the opportunity.

11 CMSR. CHATTOPADHYAY: Thank you. So,
12 let's go to Commissioner Simpson.

13 CMSR. SIMPSON: Thank you.

14 BY CMSR. SIMPSON:

15 Q So, first, I'd like to turn to Exhibit 6,
16 Attachment C, marked as "Bates Page 033". And
17 I'll give Mr. St. Cyr a moment to turn to that
18 page.

19 A (St. Cyr) I'm there.

20 Q Can you explain to us why the line that describes
21 "Accumulated Depreciation" and the line that
22 describes "Annual Depreciation" include the same
23 figure? Are those referencing the same type of
24 depreciation?

[WITNESS PANEL: St. Cyr|Descoteau]

1 A (St. Cyr) So, yes. It's two sides of the same
2 entry. The 1,700 is the depreciation expense,
3 and that's credited to accumulated depreciation.

4 Q Okay. And are you familiar with the long-term
5 debt approved under Docket DW 22-054?

6 A (St. Cyr) Yes, I am.

7 Q Was the short-term debt of \$18,000 used to pay
8 off that -- or, I should say, what was approved
9 in 22-054, was that used to pay off the \$18,000
10 debt?

11 A (St. Cyr) Yes.

12 Q Okay. And, here, the Settling Parties agree and
13 recommend that the Commission approve both the
14 proposed permanent rates and Step 1, so that the
15 rates pertaining to both will go into effect
16 concurrently, correct?

17 A (St. Cyr) Correct.

18 Q The proposed tariff change appears only to
19 reflect the permanent change that's been
20 proposed. Can you explain the plan for the
21 Company to inform customers of the increase in
22 rates from the Step 1 and permanent rate change?

23 A (St. Cyr) So, there would be a letter included in
24 the October 1 billing, which would describe what

[WITNESS PANEL: St. Cyr|Descoteau]

1 the rate increase is related to.

2 Q And tariff adjustments as well?

3 A (St. Cyr) Correct.

4 Q Okay. And the Settlement Agreement, at Page 12,
5 let's turn there. Let me know when you're there?

6 A (St. Cyr) I'm there.

7 Q So, this states that "Step 2 would not become
8 effective any earlier than Bedford's April 1st,
9 2024, First Quarter billings." Correct?

10 A (St. Cyr) Correct.

11 Q Can you elaborate on the Company's plan for
12 subsequent tariff changes, and how it envisions
13 informing customers of Step 2 changes?

14 A (St. Cyr) So, similar to what we did for
15 temporary rates, and what we're planning to do
16 for permanent and Step 1, we would provide a
17 similar letter, along with the quarterly billing,
18 that indicates what that rate change is.

19 Q Okay. Thank you. And, earlier today, you noted
20 that there may be opportunities for improving
21 communication processes pertaining to Bedford's
22 website. Did I interpret that correctly?

23 A (St. Cyr) You did.

24 Q Would the Company endeavor to implement

[WITNESS PANEL: St. Cyr|Descoteau]

1 improvements to help customers be informed of
2 changes?

3 A (St. Cyr) Yes.

4 Q In a ready manner?

5 A (St. Cyr) Yes.

6 CMSR. SIMPSON: Okay. Thank you.

7 That's all I have, Commissioner Chattopadhyay.

8 CMSR. CHATTOPADHYAY: Thank you.

9 BY CMSR. CHATTOPADHYAY:

10 Q So, I want to go to the discussion about the
11 "7.18 percent", as opposed to "6.8 percent". And
12 you mentioned it's 7.18 percent, because you're
13 adding the cost of finance. Can you describe
14 that a little bit more? What is the cost of
15 finance, and what dollar amounts are we talking
16 about?

17 A (St. Cyr) So, I'm specifically looking at
18 Attachment A, Schedule 4, on Page 29.

19 Q And bear with me, I'm going to go there. Okay.
20 I'm there.

21 A (St. Cyr) And, if you drop down to the second to
22 last box on the page, "Cost of Debt", the
23 proforma debt is the "186,207", that's the loan
24 that the Commission approved. Then, the next

[WITNESS PANEL: St. Cyr|Descoteau]

1 number, the "12,434", is the first year interest
2 rate on the loan, the "932" is the financing
3 cost. The sum of the two is the "13,366". And,
4 when you take that amount over the proforma debt,
5 it results in "7.18 percent".

6 Q Is the cost of finance one time or that will
7 incurred every year?

8 A (St. Cyr) So, this is the amortization of the
9 financing cost over the life of the loan. So,
10 it's amortized over 15 years.

11 Q Thank you. Can you opine on, like, what is the
12 life of a pump typically?

13 A (St. Cyr) So, it, at different points, I think,
14 initially, we depreciated it over five years, and
15 found that that was too short. And, at one point
16 in time, we also depreciated them over ten years,
17 and we found that, in most cases, was too long.
18 And, more recently, I shouldn't -- probably not
19 "recently", probably for ten plus years we've
20 been depreciating them over seven years. And
21 that seems to be about the right number.

22 Q Have you ever retired a pump before it conks out?

23 A (St. Cyr) Yes. I'm sorry, if I understand your
24 question, if it's continuing to operate after the

[WITNESS PANEL: St. Cyr|Descoteau]

1 seven years, it would remain in service, but it
2 would be fully depreciated. We would leave it in
3 until it fails, --

4 Q Okay.

5 A (St. Cyr) -- and then we'd replace it.

6 Q So, every time you have replaced pumps, it's been
7 because the pump before failed?

8 A (St. Cyr) That's correct.

9 Q Okay. If you go to Bates Page 262 of Exhibit 6,
10 and let me know if you're there?

11 A (St. Cyr) I'm there.

12 Q Okay. As I'm reading it, the -- so, it's (f)
13 where you talk about "attorney fees", I'm just
14 going to read the relevant part: "The Company
15 will issue a letter indicating that an additional
16 fee of \$200 and/or attorney fees have been added
17 to the account in order for the Company to work
18 with an attorney to resolve the unpaid balance."
19 With the "\$200", are you really talking about
20 that's the minimum that you will charge?

21 A (St. Cyr) Yes.

22 Q Is it possible that the attorney fees may be less
23 than \$200, and there's nothing -- and it's not
24 really \$200?

[WITNESS PANEL: St. Cyr|Descoteau]

1 A (St. Cyr) No. There's no way it would be less.

2 Q I ask, because I'm not a lawyer, I don't know how
3 much they make. So, --

4 A (St. Cyr) They make a lot.

5 CMSR. CHATTOPADHYAY: And I know that,
6 okay. So, yes. That read a little bit -- it
7 could have been clearer, okay.

8 Okay. I think that is it for me. So,
9 we will go to redirect. Let's begin with
10 Attorney Brown.

11 MS. BROWN: I'm getting a signal from
12 my witness that he has no clarifications to add,
13 am I correct?

14 WITNESS ST. CYR: That's correct.

15 MS. BROWN: Because I had no redirect.
16 Thank you.

17 CMSR. CHATTOPADHYAY: You're able to
18 read signals well.

19 MR. YOUNG: Nothing from the
20 Department.

21 CMSR. CHATTOPADHYAY: Okay.

22 So, what I'm going to do is I'm going
23 to strike ID on Exhibits 5 and 6, and admit them
24 as full exhibits.

[WITNESS PANEL: St. Cyr|Descoteau]

1 I will go to closing arguments. And I
2 would begin with the DOE, and then I will allow
3 Mr. Rizzo to add anything he wants to, and then I
4 will go to the Company.

5 So, let's start with DOE.

6 MR. YOUNG: Thank you, Commissioners.

7 While the rates included in this
8 Settlement Agreement represent an increase, the
9 Department supports setting permanent rates at
10 the rates proposed in this Agreement. The
11 Department believes that the Company's permanent
12 rate filing meets the applicable statutory
13 requirements, and that appropriate customer rates
14 will result when these permanent rates are
15 approved.

16 As the panel of witnesses have
17 testified, the Department of Energy fully
18 supports all aspects of the Settlement Agreement,
19 including the permanent rate revenue requirement,
20 the Limited Step 1 Adjustment and Step 2
21 Adjustment, subject to DOE and Commission
22 approval.

23 As mentioned today, the Department also
24 anticipates review of rate case expenses.

[WITNESS PANEL: St. Cyr|Descoteau]

1 The DOE contends that this Settlement
2 Agreement is just and reasonable, and in the
3 public interest, as it is the disposition of all
4 the issues in this rate proceeding, and provides
5 the Company with a clear path forward for step
6 adjustments and temporary to permanent recoupment
7 rate.

8 That is all.

9 CMSR. CHATTOPADHYAY: Okay. Thank you.
10 Let's go to public comments from Mr. Rizzo.

11 MR. RIZZO: Am I allowed to question
12 the witnesses?

13 CMSR. CHATTOPADHYAY: No.

14 MR. RIZZO: On their testimony?

15 CMSR. CHATTOPADHYAY: No.

16 MR. RIZZO: So, I'm just going to give
17 a general statement?

18 CMSR. CHATTOPADHYAY: Yes.

19 MR. RIZZO: Okay.

20 *[Court reporter interruption regarding*
21 *the use of the microphone.]*

22 CMSR. CHATTOPADHYAY: Yes. You can get
23 closer, yes.

24 MR. RIZZO: Okay. Thank you.

[WITNESS PANEL: St. Cyr|Descoteau]

1 Concerning the testimony I heard,
2 because this is a public comment, so this is
3 going to be general. There's going to be a
4 number of topics. Of course, am I able to talk
5 about anything else?

6 CMSR. SIMPSON: You can share what
7 you'd like to with us. We're here listening to
8 what you --

9 MR. RIZZO: Concerning the testimony
10 that I heard, okay, none of this is in the best
11 interest of the ratepayer. I understand the
12 statutory requirements and so forth. This
13 financial statement does not meet general
14 accounting principles, that I can tell you,
15 especially not from a financing need. I'd love
16 to have Mr. Roberts up there and ask him a few
17 questions.

18 Anyway, concerning Mr. St. Cyr's
19 testimony, bad debt allowance, you talk about
20 "mismanagement". How do you incur a debt of
21 \$17,000, without throwing a mechanic's lien, or
22 doing something up front to allow this to happen?
23 I don't know what the sixteen seven [sic] is for.
24 I mean, I can't ask them that. Well, what's the

[WITNESS PANEL: St. Cyr|Descoteau]

1 bad debt? It's a 30-year revenue. This
2 gentleman is a tax expert and a CPA, and so is
3 Mr. Roberts, he's with LMC. What's the
4 relationship, you know, between them?

5 So, you know, they're talking in terms
6 of -- Mr. St. Cyr has already said that he's
7 got -- he had to take another 12,000 from the
8 Shareholder, because he can't pay his bills.
9 Yet, Ms. DeCostineau [sic] is claiming that "Oh,
10 everything is good. You know, it meets the
11 statutory requirements." From a cash flow
12 perspective, it does not.

13 The expense recovery, again, they have
14 to loan money to pay for the expenses. They
15 don't have them. And there's not enough income
16 to support the expenses. And there's no reserve
17 fund. There's nothing whatsoever.

18 And concerning Chairman Chattopadhyay's
19 question about the pumps, you know, there's a
20 warranty on the pumps, you know? You can buy
21 pumps that have a longer term. And you talk
22 about communication. When we had the meeting on
23 the 17th of November, that Mr. St. Cyr mentioned,
24 one of them, one of the homeowners there

[WITNESS PANEL: St. Cyr|Descoteau]

1 ironically works for a pump company, and said "I
2 can save you money." Has Mr. St. Cyr ever
3 reached out to him, or asked him? There's a lot
4 of talent in those 78 ratepayers there. That's
5 how we ended up getting the remediation done and
6 everything, because there's people that are
7 responsive, that know that stuff.

8 Yet, we don't get any information back.
9 Then, they just continue with these kind of
10 hearings, which, really, you're in the hole
11 already when you walk out of here.

12 My other questions are this. The
13 relationship with Bedford Waste and LMC, LMC owns
14 Bedford Waste, correct? Does LMC take tax losses
15 based on the losses from Bedford Waste on their
16 other operations? I'm sure they do. Who
17 benefits from that? Mr. LaMontagne.

18 This Company is underfunded from the
19 beginning. There was never enough money put in.
20 I have no idea, from an accounting perspective,
21 how you get a plant in service of \$634,000, when
22 all of those septic systems were paid for when
23 the people bought their houses. If this was a
24 stand-alone house, and you bought -- and you had

[WITNESS PANEL: St. Cyr|Descoteau]

1 a price, your septic would be included. It
2 wouldn't be "Oh, well, the house is 250, but
3 you've got to give me another 35 for the septic."
4 It's included.

5 When I got my house, the only thing I
6 said is there's a -- "there's a homeowner's
7 association charge and a septic thing." And I
8 said "Fine." And my question, and this is my
9 biggest question that I can't get an answer to,
10 that I've been asking since I've been here, when
11 the PUC allowed Mr. LaMontagne to add these
12 additional houses, okay, by doing this common
13 septic, this is what it's all about, it's about
14 money. It's not about ratepayers, and helping
15 them; it's about money. How many more houses was
16 Mr. LaMontagne able to build when they allowed
17 him to put these common septic tanks in? Does
18 anybody know that question?

19 Maybe Mr. Roberts doesn't know that,
20 because he may not have been with the Company. I
21 really don't know anything about him. First time
22 I've heard he's here.

23 My guess is a minimum of 10 to 15. So,
24 he put an additional two to three million dollars

[WITNESS PANEL: St. Cyr|Descoteau]

1 in his pocket. Underfunds this Bedford Waste.
2 There's no record of any money going in through
3 him, other than this loan that he's making us
4 pay.

5 So, now, if you look at this statement,
6 and you take out the bad debt of sixteen five,
7 which you don't know if you're going to recover,
8 but it should never have got to that point. As
9 soon as somebody doesn't pay, you -- I don't know
10 if he's -- Ms. Brown could probably tell you
11 better, but I think it's a service, you might be
12 able to get a mechanic's lien, you can get that
13 pretty easy. And, then, an attorney, for 500
14 bucks or so will go after somebody and make sure
15 they pay. That's management. That's nothing to
16 do with the ratepayer. Again, another example of
17 mismanagement.

18 So, between the bad debt and the
19 interest expense, gee, isn't it ironic that it
20 equals the loss? And you've got to remember,
21 depreciation, that's a phantom. That's cash that
22 flows down in the bottom line. That's already
23 taken off. So, he's getting a depreciation
24 deduction for something that he got paid for

[WITNESS PANEL: St. Cyr|Descoteau]

1 already. This depreciation -- this plant should
2 be worth zero. It was paid for when they put
3 them in by the people that bought their houses.
4 He has to give a septic system. So, let's say
5 there was eight or nine grand a house for the
6 septic system back then, in '94/95, times 80,
7 that's 480 grand. It didn't cost him 480 grand
8 to put those five fields in, no way. And it was
9 cheaper to put those fields in than put
10 individual septic in each of those houses, which
11 maybe he would have been able to do 55 or 60,
12 instead of 78.

13 So, all along the line here, whatever
14 meets statutory regulations doesn't meet with
15 accounting principles, and the bottom line is
16 cash. Why does the owner of this, LMC, have to
17 continually infuse cash? You're tying Mr. St.
18 Cyr's hands. This poor guy is taking all the --
19 he's taking the beating, and he has no recourse.

20 So, my next question is, what happens
21 when they run out of cash? They can't go to a
22 bank. No one's going to -- it's worth nothing.
23 Why would somebody buy this? They have offered
24 that we should buy this, the ratepayers; we have

[WITNESS PANEL: St. Cyr|Descoteau]

1 no interest in buying this. You set it up. It's
2 your deal. You went to do this, you made your
3 money.

4 Now, Mr. LaMontagne needs to fund this
5 properly. And this Commission continues to kick
6 the can down the road, from eight years ago, in
7 this docket, 25,563, back to 2000, Order Number
8 23,388. How many times did you warn Mr.
9 LaMontagne that he's in dire straits here? And
10 it's back here twenty years ago. We're kicking
11 the can down the road.

12 I mean, this is just like, you know,
13 it's like a session of Congress here, it's the
14 same thing. When are we going to hold the
15 owner's feet to the fire? The ratepayers, you
16 know, I'm not -- I'm not complaining about the
17 increase. It's been six or seven years, he
18 should get money. But you should see something
19 positive, we're in worse shape than we were
20 before. No communication, nothing being done, no
21 proper tools.

22 So, you want solutions? I have a
23 solution, all right, a couple of solutions.
24 First of all, every single house should have a

[WITNESS PANEL: St. Cyr|Descoteau]

1 schedule for when their pump tanks are going to
2 be pumped, when the last time it was that their
3 pump had to be replaced. Mine just went this
4 February, 26 years it lasted, okay? The
5 gentleman that could supply these pumps say that
6 usually the guarantees he has are ten or more
7 years. You may spend a few more dollars, but
8 it's guaranteed. The labor you have to pay, but
9 the pump is guaranteed. Nothing, nothing from
10 the standpoint of that.

11 The other issue, why do we need to pump
12 every two years? You don't need to pump every
13 two years. You have a 1,250 or a 1,500 gallon
14 tank. My other house that I had in Bedford, I
15 pumped it every four to five years, and there was
16 four of us living there. You don't need to pump
17 these tanks every two years.

18 Now, from a cash flow standpoint, that
19 helps, that gives them relief. You're not
20 offering any relief. And that's something that
21 Bedford Waste can do on their own. They don't
22 need your permission to do that. You don't have
23 people's septics overflowing and stuff, other
24 than they had an issue. And, if it's an issue

[WITNESS PANEL: St. Cyr|Descoteau]

1 where the ratepayer created it, then there should
2 be a stipulation that maybe they got to kick in
3 for some of that expense. Did they put something
4 down there that shouldn't be there? Nothing,
5 there's nothing like that at all.

6 So, and the capital infusion, that's
7 got to happen. Unless more money goes into this
8 company, you're going to be back here in another
9 year or so.

10 And I know at this point I don't have a
11 big position, and I can't do much. I'm letting
12 you know how I feel. But I will guarantee you
13 that I will be back, with my intervenor thing,
14 and I'll have the supporting documents and other
15 people here. And we expect that this panel would
16 do what they need to. They have to make this
17 owner accountable, and you haven't done it yet.

18 Thank you.

19 CMSR. CHATTOPADHYAY: Thank you. Let's
20 go to the Company.

21 MS. BROWN: Thank you very much for
22 your time today for today's hearing.

23 I would like to at least respond to a
24 couple of points that Mr. Rizzo has raised, just

[WITNESS PANEL: St. Cyr|Descoteau]

1 to clarify. A number of the points are not
2 germane to the noticed issues in this docket.
3 But some of them pertain to the bad debt, which
4 you've heard testimony from Mr. St. Cyr have been
5 backed out of the revenue requirement.

6 And I would just like to remind the
7 Commission that, per the Commission's rules,
8 sewer utilities cannot disconnect customers for
9 failure to pay. And, so, that inability to
10 mitigate damages has been taken away from them.
11 The only recourse is to pursue the individual in
12 court, which the Company is doing, and hopes to
13 recover. But, bottom line, the Company -- sewer
14 companies, in particular, are handcuffed as to
15 escalation of that unpaid bill. But, again, it's
16 not in the revenue requirement.

17 With respect to plant, and contributed
18 capital, that is clearly denoted in the plant
19 schedules for the rate base portion of the
20 revenue requirement. So, it does show
21 contributed capital correctly. The bulk of the
22 revenue requirement is operations, expenses
23 associated with operating it.

24 The Settlement Agreement also has a

[WITNESS PANEL: St. Cyr|Descoteau]

1 deadline for January of 2027 for the Company to
2 report back on the condition of the leach fields.
3 They have the leach fields periodically assessed.
4 They're still in fair condition, they're still in
5 usable condition. And like Mr. St. Cyr's
6 testimony about the pumps, even though they're
7 fully depreciated, they're still going to be used
8 in service to the customers, until they are ready
9 to be replaced.

10 The assessment report that's due in
11 January 2027 will help with the timeline of when
12 that replacement happens. That's going to be a
13 big ticket item. But the Company is preparing,
14 by assembling data, on what -- how much life is
15 left in those leach fields, and then can
16 determine what the cost and the timing of the
17 costs, and then can time it's -- if it's rate
18 cases, steps, it can at least mitigate rate shock
19 by planning rate increases around that data that
20 it gets from the leach fields.

21 So, those are the only two items that I
22 wanted to address that were -- of the comments
23 that Mr. Rizzo made that were related to the
24 issues that are noticed for this case.

[WITNESS PANEL: St. Cyr|Descoteau]

1 And I won't summarize the Settlement,
2 because it's been well summarized by the
3 witnesses. But I'll just -- but, you know,
4 background, the Commission received the tariffs
5 that were filed back in October 17th, 2022, for
6 effect November 17, 2022. The Commission, on
7 November 1, suspended those tariffs, and
8 commenced the investigation, and noticed this
9 docket that we are now participating in.

10 As the Commission is aware, there's a
11 longstanding precedent of the Commission favoring
12 settlements, if possible, rather than having
13 parties litigate. And, truly, while a settlement
14 is being presented here today, it is a compromise
15 of the issues. As you heard, there were numerous
16 adjustments that Mr. St. Cyr summarized. That
17 vetting of this Settlement has produced a better
18 result of the issues.

19 So, thank you very much for the
20 adjudicative process. And Bedford appreciates
21 DOE's full vetting and discovery on these issues.

22 We have a temporary rate in effect,
23 that's 16.19 percent. This Settlement is pretty
24 close to what was originally asked for. The

[WITNESS PANEL: St. Cyr|Descoteau]

1 original rate filing was 39.47 percent. We're
2 arriving at the Settlement at 36.49 percent.

3 Under RSA 378:29, Bedford will
4 reconcile the difference between temporary and
5 permanent rates. And, as the Commission is
6 aware, this reconciliation protects customers
7 from any under- and over-collection. And the
8 Company, 30 days after the approval of permanent
9 rates, will file its reconciliation for
10 Commission and DOE review, and will propose a
11 surcharge for its customers. The surcharge will
12 be relatively easy, because we only have one
13 customer rate class for this, for Bedford Waste.

14 With respect to the Settlement, the
15 terms are a product of the give-and-take of the
16 parties. Bedford respectfully requests the
17 Commission approve all the terms of the
18 Settlement Agreement. The evidence introduced
19 today establishes that the plant portion of the
20 revenue requirement meets the "prudent, used and
21 useful" test. The expenses are known and
22 measurable, and have been audited. The resulting
23 rates support Bedford's operations, and that
24 Bedford deems those customer rates to be just and

[WITNESS PANEL: St. Cyr|Descoteau]

1 reasonable.

2 Thank you for the opportunity to
3 respond.

4 CMSR. CHATTOPADHYAY: Thank you. Thank
5 you.

6 Before I wrap up, I do have a couple of
7 questions, just based on what I've heard. When
8 was the last time the leach field study was done,
9 before 2021?

10 WITNESS ST. CYR: 2019.

11 CMSR. CHATTOPADHYAY: '19.

12 WITNESS ST. CYR: I'm sorry, 2013.

13 CMSR. CHATTOPADHYAY: So, typically,
14 you do it every six, seven years?

15 WITNESS ST. CYR: The general plan is
16 every five years.

17 CMSR. CHATTOPADHYAY: Every five years,
18 okay.

19 And, Mr. St. Cyr, you are the manager
20 of this Company. Can you tell me, since when
21 have you been the manager for this Company?

22 WITNESS ST. CYR: Since the '90s. I've
23 been at it a long time.

24 CMSR. CHATTOPADHYAY: Okay. Thank you.

1 So, I will excuse the witnesses. You
2 are released.

3 Is there anything else?

4 *[Mr. Rizzo indicating.]*

5 CMSR. CHATTOPADHYAY: Yes. Please keep
6 it short. Yes.

7 MR. RIZZO: It will be short.

8 CMSR. CHATTOPADHYAY: Yes. Go, sir.

9 MR. RIZZO: Concerning Ms. Brown's last
10 statement about a "rate surcharge", it's not
11 going to happen. Okay? The people at Bedford
12 Three Corners are under this impression, the
13 money that is paid every quarter to Bedford Waste
14 will take care of their septic needs, as well as
15 replacement of fields. We do not expect to be
16 surcharged for monies that should have been
17 sequestered and put aside in reserve. And it was
18 never done. So, you have an underfunded
19 situation.

20 And what happens if they run out of
21 money? And what if the ratepayers say "You know
22 what? We're not paying." She just said it, you
23 can't cut us off. Then, you're going to have a
24 major lawsuit.

1 CMSR. CHATTOPADHYAY: I'm going to give
2 you an opportunity to respond, because you are
3 the one with the last closing.

4 MS. BROWN: I appreciate that, because
5 we do have the burden of proof here.

6 With respect to the reconciliation,
7 that is only the difference between the temporary
8 rates, which were approved by this Commission,
9 and the permanent rates, which we hope the
10 Commission will approve. And it is -- and that
11 surcharge is only for that difference of
12 temporary rates and permanent rates. It is not
13 for future leach field construction, because that
14 data hasn't been received by the Company and
15 filed with the Commission yet.

16 Mr. St. Cyr is looking at me, because I
17 think --

18 MR. ST. CYR: I was just going to say,
19 the surcharge also includes rate case expenses as
20 well.

21 MS. BROWN: Correct. Thank you.

22 CMSR. CHATTOPADHYAY: You know, because
23 I dismissed them, so, I want you to respond.
24 That's all.

1 MS. BROWN: Right. I was just
2 responding about the surcharge that I thought Mr.
3 Rizzo was talking about, being the
4 temporary/permanent. There is another rate case
5 expense surcharge, but, again, that's for rate
6 case expenses.

7 I just wanted to clarify the surcharge,
8 that I think there was some misunderstanding by
9 Mr. Rizzo of what that surcharge comprised of.

10 CMSR. CHATTOPADHYAY: Thank you.

11 So, I thank everyone for their
12 participation. And we will take this matter
13 under advisement, and issue an order as soon as
14 possible. We are adjourned.

15 ***(Whereupon the hearing was adjourned***
16 ***at 10:49 a.m.)***

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