

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

February 28, 2013 - 10:42 a.m.
Concord, New Hampshire

NHPUC MAR18'13 PM 4:22

RE: DW 12-254
FOREST EDGE WATER COMPANY:
Notice of Intention to File a Change
in Rate Schedules.
(Hearing on Stipulation Agreement
regarding permanent rates)

PRESENT: Chairman Amy L. Ignatius, Presiding
Commissioner Robert R. Scott
Commissioner Michael D. Harrington

Sandy Deno, Clerk

APPEARANCES: Reptg. Forest Edge Water Company:
Stephen P. St. Cyr
Nathaniel Sullivan

Richard A. Lake, *pro se*

Reptg. PUC Staff:
Marcia A. Brown, Esq., Esq.
Mark Naylor, Director/Gas & Water Division
Jayson Laflamme, Gas & Water Division

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

ORIGINAL

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 (added at Page 57) NATHANIEL SULLIVAN

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1 P R O C E E D I N G

2 CHAIRMAN IGNATIUS: Good morning. I'd
3 like to open the hearing in Docket DW 12-254, this is
4 Forest Edge Water Company. And, we are at the point today
5 that we have received a proposed Settlement Agreement
6 agreed to by some of the participants to the case, but not
7 all. And, so, we're going to be hearing the details of
8 the proposed Agreement, and then comments, questions from
9 any party who's not in agreement, and questions from the
10 Commissioners as well.

11 So, let's begin first with appearances,
12 then we'll talk about any procedural issues that we have
13 pending, and then a plan for who's planning to present
14 evidence on the Settlement Agreement.

15 So, first, appearances please.

16 MR. ST. CYR: Good morning. My name is
17 Stephen P. St. Cyr, and with me is Nate Sullivan,
18 representing Forest Edge Water Company.

19 CHAIRMAN IGNATIUS: Good morning.

20 MR. ST. CYR: Good morning.

21 MR. LAKE: You'll have to forgive me if
22 I don't stand up, all right?

23 CHAIRMAN IGNATIUS: That's fine.

24 MR. LAKE: I'm a little under the

1 weather. My name is Richard A. Lake, intervenor.

2 CHAIRMAN IGNATIUS: Good morning.

3 MR. LAKE: Good morning, ma'am.

4 MS. BROWN: Good morning, Commissioners.

5 Marcia Brown, on behalf of Staff, and with me today is
6 Mark Naylor and Jayson Laflamme.

7 I'd also like to note for the record
8 that other intervenors, Renee Arakelian was granted
9 intervention status. Staff had mailed Ms. Arakelian
10 information, but has not heard back from her. Staff
11 mailed the Stipulation Agreement, for instance, and copies
12 of discovery. So, we've reached out to her to
13 participate.

14 Mr. deFeyter is another intervenor. He
15 is not here today. He did sign the Stipulation Agreement
16 and agrees with the presentation the Company and Staff had
17 discussed with him that we would be making today.

18 CHAIRMAN IGNATIUS: Thank you.

19 MS. BROWN: Oh, I'm sorry. There's
20 another intervenor, Ledge Top Company, Inc. And, like
21 Ms. Arakelian, Ledge Top, Staff did reach out to that
22 intervenor throughout the proceeding, even though they're
23 not here today, but Staff has had no contact with them,
24 other than sending them information.

1 CHAIRMAN IGNATIUS: All right. Thank
2 you. My Armenian grandfather would say "It's
3 "Arakelian"." For some reason, he said everything in this
4 deep, booming voice.

5 MS. BROWN: Thank you for that
6 correction.

7 CHAIRMAN IGNATIUS: That may not be how
8 she pronounces, but -- okay. So, procedurally, I know
9 there are some things here on the Bench that have been
10 filed this morning. Mr. Lake, you submitted a Motion to
11 Continue --

12 MR. LAKE: Yes.

13 CHAIRMAN IGNATIUS: -- for 60 days?

14 MR. LAKE: Yes, ma'am.

15 CHAIRMAN IGNATIUS: Can you just
16 describe, and stay seated, but maybe pull the microphone
17 towards you, and just tell us very briefly anything you
18 want to add to, we've got the thing, your motion here, if
19 there's anything else you want to add to that?

20 MR. LAKE: I think the motion is pretty
21 explanatory. I requested interrogatories. And, as I said
22 in the motion, I guess they thought it was a joke, because
23 they were very evasive. They didn't comply with the
24 requests in any way, shape or form. They told me "it's

1 none of my damn business" is about what it amounted to.
2 That's why I intervened in this rate case, is so I could
3 get the facts. And, I don't think the facts have been
4 honestly presented. And, that is why I asked for the
5 60-day continuance, until after I receive honest, sincere
6 answers to my interrogatories.

7 Marcia Brown, the Staff attorney, sent
8 interrogatories, and they got answered pretty well, I
9 guess, because she's the Staff attorney, I don't know.
10 So, maybe they think I'm a joke, but that's all right. I
11 have my rights the same as anybody else. And, when I
12 asked for information, that's -- I was sincere in my
13 questions.

14 And, I think that I ought to be granted
15 a continuance until 60 days after they sincerely and
16 honestly answer my interrogatories. I think there are 16
17 of them.

18 CHAIRMAN IGNATIUS: And, when you got
19 answers that you found inadequate and evasive and not
20 complete, did you get back to the Company and say "well, I
21 got it, but this doesn't answer my question"?

22 MR. LAKE: I think I talked about it
23 here the last time I was here.

24 CHAIRMAN IGNATIUS: All right. Does the

1 Company have a response to the Motion to Continue? Mr.
2 St. Cyr.

3 MR. ST. CYR: The Company objects to it.
4 We responded to the data requests January 23rd, 2013.
5 This is the first time we're aware that Mr. Lake is
6 unsatisfied with the responses. There were a few
7 responses that had to do with the compliance issues, both
8 the federal and state compliance issues.

9 MR. LAKE: Excuse me, ma'am, but I can't
10 hear. Can he wind it up?

11 CHAIRMAN IGNATIUS: Sure. Please speak
12 a little louder, make sure the little red light is on.
13 So, push that button. Yes. And, then, why don't you
14 begin again, and really speak into the microphone, so that
15 everyone can hear. Thank you.

16 MR. LAKE: The Company objects to the
17 Motion to Continue. The Company responded to the data
18 requests on January 23rd, 2013. This is the first time
19 the Company is aware that Mr. Lake was unsatisfied with
20 the responses. A few of the requests have to do with
21 compliance issues. The Company specifically sought a
22 letter from DES with respect to compliance and filed it in
23 response to one of his data requests, and referred our
24 response to a few other compliance-related questions to

1 that letter. You know, we've since met with Mr. Lake,
2 Mr. deFeyter, and Staff at a technical session. We have
3 filed the Settlement Agreement, and here we are today
4 prepared to present the Settlement Agreement.

5 CHAIRMAN IGNATIUS: Staff, a response to
6 the Motion to Continue? And, then, I'm going to give
7 Mr. Lake a chance to respond as well.

8 MS. BROWN: Yes. Staff objects to the
9 motion at this late date. Similar to Forest Edge's
10 position, Staff saw discovery go out, come back answered,
11 from -- we saw Mr. Lake propound discovery, we saw the
12 Company respond to those discovery requests. We saw some
13 objections, I believe, that where some of the questions
14 exceeded the scope. We also followed the discovery cycle
15 up with a technical session to flesh out any questions
16 coming out of discovery. Staff did not -- was not aware
17 until today that there were still some issues or
18 unanswered questions relating to the discovery. Because
19 we had that technical session and settlement meeting,
20 Staff, from January 31st to now, has been proceeding that,
21 okay, discovery phase is done. To the extent we can
22 settle on issues, we've done that. We've expended effort
23 into creating -- drafting the Settlement Agreement,
24 getting ready for today's presentation. Had we known that

1 there were discovery issues still out there or questions,
2 we could have adjusted the procedural schedule.

3 I guess that's all of the issues as to
4 why Staff objects. Thank you.

5 CHAIRMAN IGNATIUS: A couple, before we
6 go back to Mr. Lake, a few other questions. Commissioner
7 Harrington.

8 CMSR. HARRINGTON: Yes. Was Mr. Lake at
9 the technical sessions?

10 MS. BROWN: Yes. Mr. Lake and
11 Mr. deFeyter both participated in the January 31st
12 technical session.

13 CMSR. HARRINGTON: And, at that time
14 there were no objections raised or no mention of a motion
15 that he was not getting proper answers?

16 MS. BROWN: Correct. Had Staff known
17 that Mr. Lake thought that he wasn't getting full answers,
18 we could have advised him on the procedural rules that he
19 needed to file perhaps a motion to compel, or somehow we
20 could have assisted him. But, to our knowledge, up until
21 today, we didn't know that there were any issues that he
22 didn't feel he had fully developed in discovery.

23 CMSR. HARRINGTON: Thank you.

24 CHAIRMAN IGNATIUS: I'd be interested in

1 an example of what a question, and maybe this is a
2 question to Mr. Lake or to any of you, a sense of what
3 some of the questions are that you think have been
4 answered in a way that didn't take you seriously or didn't
5 respond? You know, you compared the kind of response to
6 Staff's questions and the kind of response to your
7 questions as being very different. And, if somebody could
8 give us an example of one of those instances, that would
9 be helpful.

10 MR. LAKE: Ma'am, I'd like to, but I had
11 a pancreatic attack last night, don't think I got an
12 hour's sleep. I was here with these, this young lady and
13 these two gentlemen, and we discussed it. And, I was
14 pretty well in agreement, I didn't like a lot of things.
15 But Mr. deFeyter thought that that was the best we were
16 going to get. And, then, I discovered a lot of this
17 information that I asked them to Xerox one copy for each
18 member here today.

19 And, you know, I'm upset. They're
20 trying to raise our rates, when I say "our", I'm talking
21 about the 47 customers that we're talking about. You
22 know, I discovered, through conversations with two people,
23 that there's a buried water line, I think it was told to
24 me as being a 2-inch water line connected to the system to

1 a four-family house in the adjoining development, and
2 there may be two or three more houses that are using that.
3 You don't put a 2-inch water line in the ground for a
4 four-family house. It's since been converted to
5 apartments, I've been told.

6 CHAIRMAN IGNATIUS: All right.

7 MR. LAKE: I don't know what the exact
8 volume would be between a three-quarter inch water line
9 and a 2-inch water line. However, they don't have a
10 license to furnish that other subdivision with water.
11 And, I would go back for years and find out why it hasn't
12 been counted, how much income they got, and should be
13 distributed to all the customers.

14 You know, the people out there deserve a
15 fair answer to their questions. I have other questions.
16 You know, they have no easements over any of the
17 properties. They say they have easements. But I
18 furnished a copy of two deeds that has an "easement"
19 so-called in it, which is actually not an easement, it's a
20 restriction. The restriction says that they can't use
21 chemicals, they can't store chemicals, within I guess it's
22 a 200-foot radius.

23 I obtained this map here that I'd like
24 the Commissioners to see.

1 CHAIRMAN IGNATIUS: All right. Well,
2 let's hold off. It sounds like we're getting into the
3 heart of the case.

4 MR. LAKE: Okay.

5 CHAIRMAN IGNATIUS: Let's just hold off
6 for a bit. We want to first finish on whether we should
7 be continuing the hearing or proceeding today.

8 MR. LAKE: I apologize that I don't have
9 my interrogatories and answers. I'm sure the Commission
10 has them.

11 CHAIRMAN IGNATIUS: That's fine. Mr.
12 St. Cyr, something you want to add?

13 MR. ST. CYR: In terms of a specific
14 data request and response, I'm looking at Lake 10 and 11.
15 The question was to furnish the names of 42 -- the names
16 and address and lot owners and phone numbers of 42
17 customers. And, the Company indicated that "such
18 information is protective, and as such would not provide
19 it." And, there was a similar question about "57
20 customers", and asked for a list of the 57 customers.
21 And, again, the Company, you know, indicated that "that
22 was protective information and would not provide it."
23 That's the only two data requests that we didn't
24 specifically provide a response to. And, we believe that

1 that information is, in fact, protective, and shouldn't be
2 provided to Mr. Lake or anybody else.

3 CHAIRMAN IGNATIUS: How about some of
4 the other questions, where they're ones where you argued
5 they shouldn't be answered because they exceeded the scope
6 of the docket or anything like that? I think that's
7 something that Ms. Thunberg -- or, Ms. Brown mentioned.

8 MS. BROWN: And, I may be misrecalling
9 for this particular docket, whether there was a formal
10 objection. So, Mr. St. Cyr would be better to answer
11 that. Thank you.

12 MR. ST. CYR: Again, it would probably
13 be better for Mr. Lake to raise the specific objection.
14 But my recollection was that there were a few questions
15 related to whether or not the Company was in compliance,
16 and the Company specifically sought a letter from DES.
17 The letter was -- you know, the Company obtained the
18 letter. It was dated January 18, 2013. And, it says "As
19 of this date, the subject system is in compliance with
20 state and federal regulation as it pertains to the Safe
21 Drinking Water Act. So, the Company referred to this
22 particular letter, you know, some of its responses
23 regarding whether it was in compliance or not.

24 CHAIRMAN IGNATIUS: Well, Mr. Lake said

1 that, in effect, the responses sounded to him like the
2 Company was saying "It's none of your damn business." Not
3 that those words were used, but that that was the import
4 of what he got. Is there anything that, as you look at
5 the responses, that in a more polite fashion gave that
6 impression?

7 MR. ST. CYR: Again, I guess I would
8 just reiterate that there were a few responses that, maybe
9 rather than specifically reply to the question about
10 compliance, we sought whether or not the Company was in
11 compliance from DES, and then obtained that letter to
12 indicate that we are, in fact, in compliance.

13 CHAIRMAN IGNATIUS: Just one moment
14 please.

15 MR. LAKE: May I reply to that?

16 CHAIRMAN IGNATIUS: Yes, sir. Briefly.

17 MR. LAKE: In compliance, you know, they
18 talk about "sanitary surveys", they talk about this and
19 that from the DES. And, until they tell you specifically,
20 you know, I brought the information that says that they've
21 been in violation of lead under the Water Compliance Act.
22 They have, I guess, a problem with copper in it, and they
23 run tests. And, they did take the tests, you know, a year
24 ago, and I couldn't find them last night. And, I talked

1 to this, I think his name was Mark Kelly -- or, Dave
2 Kelly, and he told me that they can't do that.

3 CHAIRMAN IGNATIUS: I'm sorry, can't do
4 what?

5 MR. LAKE: They took all their tests at
6 one house. And, it appears to me it was a house that the
7 girl used to be the secretary for Forest Edge Water
8 Company. And, I guess she's now working for Lyons, F.X.
9 Lyons. And, then, when a pretty astute young man, named
10 Dave Kelly, tells me that they have to take five different
11 sources to run those tests, I guess they were the lead and
12 copper tests, it upset me.

13 If I could borrow somebody's copy of my
14 questions and answers, I could review them in a hurry for
15 you. As far as proprietary --

16 (Atty. Brown handing document to Mr.
17 Lake.)

18 MR. LAKE: Thank you, young lady. I
19 don't think, if they didn't want to give me the names of
20 the people, they should have answered the questions anyhow
21 as to what lot numbers were connected to the water system.
22 I don't know to this day if they know what's connected to
23 the water system. First, they said they had "38
24 customers", then they come up to "40", now it's "42".

1 And, I discovered that, in three different instances, the
2 DES says there's 100 -- or, 47 customers, 118 inhabitants
3 in those 47 connections. And, then, I discover that the
4 water lines was extended outside the permitted territory.
5 Evidently, it was done years and years ago. And, I also
6 discovered that, in 2010, they finally supposedly
7 connected a separate water meter for the pumping system to
8 the rear of the house and the three-car garage they built.
9 For years, the source for electricity for those pumps went
10 from -- from the pole, to Joe Sullivan's meter, and, from
11 that meter, out to the power. So, in essence, he was
12 using his costs to take the money back from the customers.

13 CHAIRMAN IGNATIUS: All right. I think,
14 again, we're getting into the heart of the issues in
15 dispute. And, we can explore all of that, whether it's
16 today or if it's a different date, we can go into all of
17 that.

18 Let me -- let's just take a moment for
19 the Commissioners to caucus here.

20 (Chairman and Commissioners conferring.)

21 CHAIRMAN IGNATIUS: This is how we want
22 to proceed today. We are going to not continue the case,
23 we're going to go forward this morning. But there is a
24 number of issues that, Mr. Lake, you've raised that we

1 want to continue to explore. And, what we would like
2 initially is to have a copy of your questions and the
3 answers that were submitted copied for us. That we can
4 take a look at both this morning and that they be part of
5 our files. So, at some point, if Staff and the Company
6 can make a copy for the Commissioners, and we'll mark that
7 as an exhibit when it's ready.

8 We would like to hear the presentation
9 of the Settlement Agreement and concerns that Mr. Lake
10 raises. And, there are questions that we have as well in
11 follow up to things that Mr. Lake has alleged about the
12 number of customers served, whether it's within the
13 franchise territory or beyond, the status of the DES
14 testing and compliance, and there may be more.

15 And, I think, at the end of the hearing
16 today, whether we feel we have sufficient information to
17 make a ruling or whether we find a need for further
18 discovery and another hearing day, we don't know. It
19 really will depend on what we hear today.

20 So, I think everyone's made the trip
21 here, let's make the best use of it that we can. And, go
22 forward with a presentation of the Settlement, and that,
23 Mr. Lake, that means you have a chance, after they have
24 presented on the stand, you have a chance to ask them

[WITNESSES: St. Cyr|Laflamme]

1 questions about the Settlement Agreement and other things
2 that are related to the Company's delivery of water
3 service to you and to others in the system. All right?

4 MR. LAKE: Thank you, ma'am.

5 CHAIRMAN IGNATIUS: So, is there a panel
6 that's going to present the Settlement Agreement?

7 MS. BROWN: Yes. Staff is going to call
8 Mr. Laflamme and Mr. St. Cyr. But, with respect to the
9 photocopy of the questions, is that something that you
10 want during this hearing? Should we take a short break
11 and get the copy made?

12 CHAIRMAN IGNATIUS: Yes. Maybe we can
13 even ask someone to run out. Sandy, if you would be able
14 to make copies while we're getting everything set up here
15 and beginning the testimony would be ideal. Thank you.
16 And, a copy for Mr. Lake as well, since he doesn't have it
17 with him today.

18 So, why don't you go ahead and get
19 seated as witnesses.

20 (Whereupon **Stephen P. St. Cyr** and
21 **Jayson P. Laflamme** were duly sworn by
22 the Court Reporter.)

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

24 **JAYSON P. LAFLAMME, SWORN**

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DIRECT EXAMINATION

BY MS. BROWN:

Q. Mr. St. Cyr, could you please state your name and business for the record.

A. (St. Cyr) My name is Stephen P. St. Cyr. The business is Stephen P. St. Cyr & Associates.

Q. What kind of services does your company provide?

A. (St. Cyr) The company provides accounting, tax, regulatory, and management services.

Q. Do you consider those areas to be within your area of expertise?

A. (St. Cyr) Yes, I do.

Q. I guess I said "areas", I meant "subjects".

A. (St. Cyr) Yes.

Q. Thank you. And, what scope of services do you provide to Forest Edge?

A. (St. Cyr) I assist the Company in its year-end closing and finalization of its annual financial statements. I prepare their tax return and the PUC annual report. And, I assist them in regulatory filings such as this.

Q. Can you please describe which documents you provided or you prepared on behalf of Forest Edge for this particular proceeding?

A. (St. Cyr) In cooperation with the Company, I would have

[WITNESSES: St. Cyr|Laflamme]

1 prepared the initial rate filing and the permanent rate
2 filing.

3 Q. You said "initial" and "permanent rate filings"?

4 A. (St. Cyr) I'm sorry, the initial filing was the
5 permanent rate filing. And, in addition to that, I
6 also prepared the temporary rate filing.

7 Q. And, did you file testimony with that filing?

8 A. (St. Cyr) Yes, I did.

9 Q. And, are you aware that that filing, and including your
10 testimony, has already been marked as an exhibit in
11 this proceeding?

12 A. (St. Cyr) Yes, I'm aware of that.

13 Q. Okay. Mr. St. Cyr, how many customers does Forest Edge
14 serve?

15 A. (St. Cyr) Forty-two.

16 Q. Can you please describe what Forest Edge's source of
17 supply is?

18 A. (St. Cyr) The Company has two bedrock wells.

19 Q. How old is this system?

20 A. (St. Cyr) The system was originally constructed in the
21 '70s.

22 Q. I'd like to ask you a discovery question that Staff had
23 asked, just to get the customer count on the record.

24 Is the Company aware of any plans to further develop

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[WITNESSES: St. Cyr|Laflamme]

1 any of the five lots, which represent the difference
2 between the 47 units approved under the permit to
3 operate and the 42 units currently receiving water from
4 the Company?

5 A. (St. Cyr) The Company is not aware of any plans to
6 develop those lots.

7 Q. Could you please describe how frequently Forest Edge
8 issues its bills?

9 A. (St. Cyr) The Company bills quarterly.

10 Q. In seeking permanent rates today, which billing batch
11 is Forest Edge hoping to get a rate increase
12 incorporated into?

13 A. (St. Cyr) Assuming that the Commission issues its order
14 in this case by the end of March, the Company would
15 incorporate the increase in rates in its April 1st
16 billing for water provided during the first quarter.

17 CHAIRMAN IGNATIUS: And, Mr. St.

18 Cyr, make sure you keep your voice up please. Thank you.

19 BY MS. BROWN:

20 Q. Mr. St. Cyr, I'd like to -- I earlier had asked you a
21 question about customer counts, and had re-asked you
22 Staff 1-10. I'd like to show you this document just to
23 refresh your recollection on the fullness of your
24 answer.

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[WITNESSES: St. Cyr|Laflamme]

1 MS. BROWN: If I can approach the
2 witness please?

3 CHAIRMAN IGNATIUS: Please.

4 BY MS. BROWN:

5 Q. If you could read down 1-10 to refresh your
6 recollection on the answer.

7 A. (St. Cyr) The question is "Is the Company aware of any
8 plans to further develop any of the five lots, which
9 represent a difference between the 47 units approved
10 under the permit to operate and the 42 units currently
11 receiving water service from the Company? Please
12 explain." The response is: "Two lots have recently
13 been sold. DES contacted the Company about one lot to
14 confirm the availability of water before septic plan
15 was approved."

16 Q. Thank you for that answer.

17 BY CHAIRMAN IGNATIUS:

18 Q. Can I, before we move off of that, I don't understand
19 the import of the answer. Whether two were sold and
20 are no longer within the franchise territory or the two
21 that there was an inquiry, are they the same two? Two
22 different ones?

23 A. (St. Cyr) These are lots within the franchise area.
24 The Company was contacted by DES as to the availability

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[WITNESSES: St. Cyr|Laflamme]

1 of water for purposes of a septic plan. But that's the
2 last contact that the Company has had with DES or
3 anybody else. There's no construction going on.
4 There's no plan that the Company is aware of to build
5 on the lot or a need for the Company to provide water
6 service to it.

7 Q. But it's conceivable that those two lots may be in the
8 development stage and might be additional customers to
9 the Company?

10 A. (St. Cyr) It's conceivable. The Company has no
11 knowledge of that, if that's the case.

12 Q. And, the other three lots, you're not aware of any
13 interest, any activity of any sort?

14 A. (St. Cyr) No, we're not.

15 CHAIRMAN IGNATIUS: Thank you.

16 BY MS. BROWN:

17 Q. If Mr. Laflamme would like to embellish on that
18 question, I can move -- or, I can ask his background.
19 Actually, at this point, I guess I'll -- Mr. Laflamme,
20 could you please state your name and your employment
21 for the record.

22 A. (Laflamme) Jayson Laflamme. I'm a Utility Analyst for
23 the Public Utilities Commission.

24 Q. And, as a analyst here at the Public Utilities

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[WITNESSES: St. Cyr|Laflamme]

1 Commission, what has been your involvement in this
2 particular docket?

3 A. (Laflamme) I reviewed the initial filing that was made
4 by the Company. I participated in the submittal of
5 discovery; I reviewed the Company's responses to the
6 discovery. I participated in the technical session and
7 settlement conference, and also participated in the
8 formation of the Settlement Agreement that's being
9 presented today.

10 Q. Are you -- did you also, in part of your review for
11 this docket, review an audit?

12 A. (Laflamme) Yes, I did.

13 Q. And, are you familiar with the Company's annual
14 reports?

15 A. (Laflamme) Yes I am.

16 Q. And, I had asked Mr. St. Cyr about the accuracy of the
17 customer count, customers presently being 42 served,
18 yet looked like the development, in total, was approved
19 for a potential of 47. Did you have additional
20 response to that question?

21 A. (Laflamme) Well, what gave rise to that particular
22 question was a entry in the audit report that was filed
23 on December 12th of 2012. In that, on Page 9 of the
24 audit report, there's an entry which states "Within the

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1 permit to operate", the DES permit to operate, "audit
2 noted approval for 47 units. The Company bills for 42
3 units. The five unit variance was explained as two
4 undeveloped lots. Two customers who own two lots, and
5 one lot has a barn with no water service." So, based
6 on that entry in the audit report, I submitted a
7 question asking the Company if they were aware of any
8 plans to develop the lot -- the five-lot variance,
9 between the permit to operate and how many units that
10 they're billing currently.

11 Q. Mr. Laflamme, in this proceeding, did you calculate a
12 revenue requirement for the Company?

13 A. (Laflamme) Yes, I did.

14 Q. And, then -- you did that calculation, and then did you
15 also transfer that into what a potential customer rate
16 would be?

17 A. (Laflamme) Yes, I did.

18 Q. And, how many customers did you base or include in that
19 calculation?

20 A. (Laflamme) For permanent rates, I based it on 42
21 customers.

22 Q. And, did you base it on 42 for the reasons that you
23 just explained, with, for instance, one lot having a
24 barn with no water service, *etcetera*?

[WITNESSES: St. Cyr|Laflamme]

1 A. (Laflamme) Yes.

2 Q. Mr. St. Cyr, I have a question for you on compliance.

3 Do you know the state of compliance for Forest Edge
4 with Department of Environmental Services' regulations?

5 A. (St. Cyr) I do. And, I have a letter to that effect,
6 if you would like me to refer to it.

7 MS. BROWN: At this point, I'd like to
8 mark for identification, and I believe we've previously
9 distributed a copy to the Bench and to the clerk, of a
10 January 18th, 2003 letter from Department of Environmental
11 Services to Nathaniel Sullivan, signed by Linda Thompson.

12 CHAIRMAN IGNATIUS: And, this is what
13 you had marked as number "4"?

14 MS. BROWN: I believe number 4 is our
15 next exhibit number, yes.

16 CHAIRMAN IGNATIUS: All right. We will
17 mark that for identification. Thank you.

18 (The document, as described, was
19 herewith marked as **Exhibit 4** for
20 identification.)

21 MS. BROWN: And, it was just brought to
22 my attention that I said it was a "2003" document. It's a
23 "2013" document. And, I'm sorry for that error.

24 BY MS. BROWN:

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[WITNESSES: St. Cyr|Laflamme]

1 Q. Mr. St. Cyr, the document that I just described, is
2 that the document that you were referring to?

3 A. (St. Cyr) Yes, it is. And, I'm specifically interested
4 in pointing out that in the document it says "As of
5 today's date," that would be January 18, 2013, "the
6 subject system is in compliance with state and federal
7 regulation as it pertains to the Safe Drinking Water
8 Act."

9 Q. Mr. St. Cyr, I'm going to move on to the topic of the
10 Stipulation Agreement. Before we leave this
11 introduction or this introductory subject, considering
12 you don't have counsel, is there anything else you
13 wanted to add?

14 A. (St. Cyr) There is nothing else I'd like to add.

15 MS. BROWN: Thank you. The next
16 document Staff would like to have marked for
17 identification is a Stipulation Agreement. Staff --

18 CHAIRMAN IGNATIUS: Please make sure, so
19 that Mr. Lake can hear you, that you stay close to the
20 microphone. Thank you.

21 MS. BROWN: Staff had filed, on behalf
22 of the Company and Intervenor deFeyter, on February 22nd a
23 Stipulation Agreement. We have since received
24 Mr. deFeyter's signature page. We've incorporated that.

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[WITNESSES: St. Cyr|Laflamme]

1 And, that document, absent the cover letter, we would like
2 to have marked as "Exhibit 4" -- "5", rather.

3 CHAIRMAN IGNATIUS: So marked for
4 identification.

5 (The document, as described, was
6 herewith marked as **Exhibit 5** for
7 identification.)

8 BY MS. BROWN:

9 Q. Mr. St. Cyr, do you recognize this document, this
10 Exhibit 5?

11 A. (St. Cyr) Yes, I do.

12 Q. Did you participate in the creation of this document?

13 A. (St. Cyr) Yes, I did.

14 Q. And, you are familiar with its terms?

15 A. (St. Cyr) Yes.

16 Q. Do you have any changes or corrections that you'd like
17 to make to this document?

18 A. (St. Cyr) I have no changes.

19 Q. Mr. Laflamme, are you familiar with the content of
20 Exhibit 5?

21 A. (Laflamme) Yes.

22 Q. Did you participate in the creation of this document?

23 A. (Laflamme) Yes.

24 Q. Do you have any changes or corrections that you are

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[WITNESSES: St. Cyr|Laflamme]

1 aware of should be made to this document?

2 A. (Laflamme) No.

3 Q. Mr. St. Cyr, could you please briefly explain why
4 Forest Edge sought a rate increase?

5 A. (St. Cyr) The Company sought the rate increase
6 primarily for three reasons. The three reasons are,
7 first, to incorporate bookkeeping and management costs;
8 second, to incorporate legal costs; and, third, to
9 increase -- to reflect in rates its mapping costs.

10 Q. Mr. St. Cyr, I'd like to have you turn to Page 2 of the
11 document, and, specifically, to the "Revenue
12 Requirement" section. And, can you please describe the
13 revenue requirement Staff and the Company and
14 Mr. deFeyter have agreed to?

15 A. (St. Cyr) Yes. The annual revenue requirement is
16 \$24,642. This represents a \$5,181 increase, or a
17 26.62 percent increase.

18 Q. And, that 26.62 percent increase is over what? Is
19 there a particular test year?

20 A. (St. Cyr) It's over the test year 2011.

21 Q. 2011, thank you. Mr. Laflamme, could you please
22 explain Staff's position on why it felt this revenue
23 requirement, an increase was appropriate?

24 A. (Laflamme) Yes. Well, based on the Company's filing,

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1 the Staff reviewed -- Staff reviewed the Company's
2 earnings during the test year of 2011, and saw that the
3 Company was underearning during that test year. Also,
4 Staff, given the proposed mapping costs that the
5 Company -- that was contained in the Company's filing,
6 Staff thought it was appropriate that the Company
7 should be granted a rate increase.

8 Q. Mr. Laflamme, did you create the schedules attached to
9 the Stipulation Agreement?

10 A. (Laflamme) Yes, I did.

11 Q. Can I have you turn to Attachment A, Schedule 1, --

12 A. (Laflamme) Yes.

13 Q. -- "Revenue Requirement". And, could you please just
14 briefly describe the components of the revenue
15 requirement.

16 A. (Laflamme) On Attachment A, the revenue requirement is
17 -- stems from a rate base amount of \$36,122. A rate of
18 return of seven and a half percent is applied to the
19 rate base, resulting in operating income requirement of
20 \$2,780. If you turn to Page -- if you turn to
21 Schedule 3 of Attachment A, that provides the review of
22 the pro forma income statement for the Company. The
23 parties agreed to total operating expenses of \$21,933.
24 Which, added to the -- added to the operating income

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1 requirement of \$2,708, results in the proposed revenue
2 -- a revenue requirement of \$24,642.

3 Q. Thank you. While we're on Schedule 3, there's a column
4 noting adjustments, and it has "Adjustment 5", "6", and
5 "7". Could you please explain why those adjustments
6 were made?

7 A. (Laflamme) Yes. In the Company's filing, the Company
8 filing was based on a 2011 test year. And, in that
9 filing, the Company proposed various adjustments to the
10 2011 test year. The "Adjustments 5", "6", and "7",
11 referred to on Schedule 3, are Staff's adjustments to
12 the test year, and are shown on Schedule 3a of
13 Attachment A. And, just to briefly explain, Staff made
14 a modification in the Company's proposed maintenance of
15 structures and improvements expense, to reduce that
16 amount by \$59. Adjustment 6, the Staff reduced the
17 Company's proposed legal expenses by \$854. And,
18 Adjustment 7 was to eliminate engineering expenses that
19 were proposed by the Company for permanent rates.
20 Those particular engineering expenses will show up in
21 the step adjustment that will also be discussed today.

22 So, I guess, on Adjustment 7, we moved
23 the -- we moved those engineering expenses from the
24 permanent rates to the step adjustment.

1 Q. Could you please back up to the rate base component,
2 and briefly describe the adjustments and why the
3 adjustments were made to rate base. And, I'm looking
4 at Schedule 2.

5 A. (Laflamme) Yes. The detail of the rate base
6 adjustments is found on Schedule 2a. Let's see,
7 Adjustment Number 1 was to -- was to amend the
8 accumulated depreciation component in rate base. It
9 was to -- it was to increase accumulated depreciation
10 by \$819. Let's see. Adjustment Number 2 was to modify
11 the cash working capital component originally filed for
12 by the Company. Number 3 was also a modification to
13 the cash working capital component, based on the
14 adjustments to O&M expenses found on Schedule 3. And,
15 Adjustment Number 4 was a modification to the amount
16 proposed by the Company for prepaid expenses, based on
17 the five-quarter average for prepayments. During the
18 test year, it increased the test year average for
19 prepayments by \$139.

20 Q. Mr. Laflamme, when you create these schedules, are
21 these calculations and adjustments that you do, do you
22 make these similarly to other water utilities?

23 A. (Laflamme) Yes.

24 Q. Did you include in these calculations expenses

[WITNESSES: St. Cyr|Laflamme]

1 associated with an Affiliate Agreement?

2 A. (Laflamme) Yes.

3 MS. BROWN: I'd like to mark for
4 identification, as "Exhibit" -- I think we're up to "6",
5 what we've previously distributed, a document entitled a
6 "Management Agreement". It is dated at the top as
7 "February 14th, 2003".

8 CHAIRMAN IGNATIUS: 2013?

9 MS. BROWN: Oh, jeez. Thank you again.
10 (The document, as described, was
11 herewith marked as **Exhibit 6** for
12 identification.)

13 BY MS. BROWN:

14 Q. So, Mr. Laflamme, the document that I just described,
15 is that -- are you familiar with that Management
16 Agreement?

17 A. (Laflamme) Yes.

18 Q. And, this Management Agreement is between Forest Edge
19 and Atlantic Operating and Management Corp.?

20 A. (Laflamme) Yes, it is.

21 Q. Mr. St. Cyr, is this Management Agreement that I just
22 described as "Exhibit 6", is this the latest Management
23 Agreement?

24 A. (St. Cyr) Yes, it is.

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[WITNESSES: St. Cyr|Laflamme]

1 MR. LAKE: Ma'am, I don't seem to have
2 received a copy of this so-called "Management Agreement".

3 CHAIRMAN IGNATIUS: All right. Thank
4 you for noting that. We'll get you one immediately. We
5 can use one from the Bench, if need be.

6 MS. BROWN: I did hand out copies of
7 these exhibits, but I think I have another copy that I can
8 give him.

9 CHAIRMAN IGNATIUS: Thank you.

10 MR. LAKE: Thank you.

11 CHAIRMAN IGNATIUS: And, sir, did you
12 get the other documents we've been referring to? Number
13 4, the letter from Environmental Services, and Number 5
14 was the Settlement Agreement itself?

15 MR. LAKE: I have a copy of the
16 Settlement Agreement, but not the letter from the DES, I
17 think it is.

18 CHAIRMAN IGNATIUS: All right. It's got
19 a front and back. And, so, let's make sure that you can
20 put your hands on that as well.

21 MS. BROWN: I did give Mr. Lake a copy
22 of all three of these exhibits prior to the hearing.

23 CHAIRMAN IGNATIUS: All right. Thank
24 you, Ms. Brown.

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[WITNESSES: St. Cyr|Laflamme]

1 (Atty. Brown handing documents to Mr.
2 Lake.)

3 MS. BROWN: So, I believe now he has all
4 copies.

5 CHAIRMAN IGNATIUS: Thank you.

6 MS. BROWN: Or at least can put his
7 hands on them.

8 BY MS. BROWN:

9 Q. So, Mr. St. Cyr, this Management Agreement, has the
10 Company filed this with the Commission yet?

11 A. (St. Cyr) The Company intends to file it today.

12 Q. Thank you. So, Mr. Laflamme, on this Management
13 Agreement, is the -- is Staff recommending the
14 Commission approve this Management Agreement?

15 A. (Laflamme) Yes. The terms of the Management Agreement
16 are reflected in the Stipulation Agreement, the rate
17 schedules in the Stipulation Agreement. And, so, Staff
18 is recommending approval of that Management Agreement.

19 Q. And, Mr. St. Cyr, you said you were "going to be filing
20 this Management Agreement." Am I correct in assuming
21 that means the Company is filing it for Commission
22 approval?

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

24 Q. Thank you. In the Exhibit 5, the Stipulation

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1 Agreement, I'd like to skip over the "Step Increase,
2 and move to the "Customer Rate Impact", which is on
3 Page 3, Section C, "Customer Rate Impact". And,
4 Mr. Laflamme, I believe you said before that had
5 calculated a rate impact?

6 A. (Laflamme) Yes.

7 Q. Could you please describe, and, actually, I think I
8 need to move to the schedule on Report of Proposed Rate
9 Changes for this question, if you can bear with me.
10 Could you please turn to Attachment A, Schedule 4,
11 "Report of Proposed Rate Changes".

12 A. (Laflamme) Yes.

13 Q. And, could you please just describe the calculation
14 that you performed here.

15 A. (Laflamme) Yes. Moving from left to right, the
16 schedule indicates the \$5,181 proposed increase in the
17 Company's revenues. The next column indicates that the
18 rates were based on a customer count of 42. Third
19 column over from the left indicates the present revenue
20 requirement of \$19,461 annually. The next column
21 indicates the proposed \$24,642 revenue requirement
22 being proposed in the Settlement Agreement today, and
23 that translates into a 26.62 percent increase. And,
24 the very last row of numbers indicates the per customer

[WITNESSES: St. Cyr|Laflamme]

1 rate that has been calculated. The "\$115.84" amount is
2 the current rate being charged by the Company. The
3 "\$146.68" amount is the proposed rates to be charged by
4 the Company. That results in a \$30.84 per quarter per
5 customer increase, also 26.62 percent.

6 Q. Mr. Laflamme, do you have an opinion as to the just and
7 reasonableness of this proposed quarterly rate?

8 A. (Laflamme) Staff believes that the proposed quarterly
9 rate is just and reasonable.

10 Q. Mr. St. Cyr, do you have an opinion on the justness and
11 reasonableness of this quarterly rate?

12 A. (St. Cyr) The Company also believes that the rate is
13 just and reasonable.

14 Q. Mr. St. Cyr, are temporary rates in effect for this
15 Company?

16 A. (St. Cyr) Yes, they are.

17 Q. And, my recollection is that the temporary rates were
18 effective November 1, 2012. Is that your recollection?

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

20 Q. So, if the Commission were to approve these permanent
21 rates, is there a reconciliation filing the Company
22 would be making with the Commission?

23 A. (St. Cyr) Yes, it will.

24 Q. When will that filing come in and what calculations

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[WITNESSES: St. Cyr|Laflamme]

1 will be -- will you be doing?

2 A. (St. Cyr) The Company would actually like to submit the
3 filing probably sometime next week. It would include
4 both the reconciliation of the difference between
5 temporary and permanent rates and the request for rate
6 case expenditures.

7 MR. LAKE: Excuse me. What were the
8 last five words?

9 WITNESS ST. CYR: The filing would
10 include the request for recovery of rate case
11 expenditures.

12 BY MS. BROWN:

13 Q. Would Forest Edge also be proposing a surcharge for the
14 temporary and permanent rate recoupment and a separate
15 surcharge for rate case expenses?

16 A. (St. Cyr) It's likely that it would combine both of
17 them.

18 Q. I'd like to go back to the "Step Increase" section of
19 the Stipulation. And, that's on Page 2, Section B.
20 And, I just realized I forgot to ask Mr. Laflamme a
21 question while we were on that last reconciliation
22 issue. Mr. Laflamme, when Forest Edge makes a
23 temporary and permanent reconciliation filing and also
24 makes a rate case expense recovery filing, what does

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[WITNESSES: St. Cyr|Laflamme]

1 Staff do with those?

2 A. (Laflamme) Staff reviews the proposal made by the
3 Company, for not only the reconciliation of temporary
4 and permanent rates, but also for rate case expenses.
5 We anticipate that the Company will be providing
6 supporting documentation, as necessary, especially for
7 rate case expenses. Staff does a thorough review of
8 that supporting documentation. And, we anticipate that
9 the Staff will be making a recommendation to the
10 Commissioners with regards to rate case expenses and
11 the recoupment of temporary and permanent rates, and be
12 submitting that recommendation for the Commission's
13 approval.

14 Q. Thank you, Mr. Laflamme. Mr. St. Cyr, with respect to
15 the step increase, can you please describe what the
16 step increase is for, which project?

17 A. (St. Cyr) Yes. This is for the 2012 system mapping
18 cost. And, while we refer to it as "system mapping",
19 DES specifically refers to it as "record drawings".
20 And, these records are required by DES construction
21 standards for small community water systems and
22 operational standards for all public water utilities.
23 The drawings include all distribution mains, service
24 lines, and shut-offs, all blow-offs, hydrants and

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[WITNESSES: St. Cyr|Laflamme]

1 valves, including the type, size and depth of the pipe.

2 And, each of the above should have two ties from a

3 fixed object.

4 Q. Mr. St. Cyr, is this a present step increase request or

5 a future step increase request?

6 A. (St. Cyr) This is a future step increase request.

7 Q. And, when -- sorry to cut you off. When does Forest

8 Edge expect to file for this step increase?

9 A. (St. Cyr) No later than June 30, 2014.

10 Q. Mr. St. Cyr, has some work been made or done on this

11 mapping project?

12 A. (St. Cyr) Yes. The Company has already expended

13 \$5,525.

14 Q. Mr. Laflamme, has any of the mapping costs been

15 incorporated into your calculation of the revenue

16 requirement?

17 A. (Laflamme) The permanent rate revenue requirement?

18 Q. Correct, the permanent rate.

19 A. (Laflamme) No.

20 Q. Okay. Mr. Laflamme, I'd like to follow up on this step

21 increase issue, and have you turn to Attachment B in

22 the Stipulation Agreement. There are an awful lot of

23 calculations. Can you just briefly give us the lay of

24 the land on what you're doing here?

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[WITNESSES: St. Cyr|Laflamme]

1 A. (Laflamme) Okay. I'll give you the digested -- or, the
2 Reader's Digest version of this calculation.
3 Basically, it's taking the amounts that has been
4 expended by the Company already, the \$5,525 indicated
5 by Mr. St. Cyr, and also adding in the estimated
6 amount, estimated by the Company, that they feel it
7 would take to complete this particular project. And,
8 that's -- the Company estimates that will be about
9 around \$3,000 to \$3,500 to complete this particular
10 project. So, what's indicated on the schedule is an
11 estimated amount of \$3,500 to complete the mapping
12 project.

13 Also, the parties to the Stipulation
14 agreed that the amounts related to the -- the revenues
15 related to the mapping project should be offset by any
16 potential future customers that may come onto the
17 system between now and the time that the Company files
18 for the step increase, by June of 2014. So, a
19 provision has been added to offset the mapping costs by
20 any future customers that come on the system. For
21 purposes of this Attachment B, there was an estimate of
22 potentially one customer coming onto the system between
23 now and the time that the Company actually files for
24 temporary rates. So, -- and, the revenues that may be

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[WITNESSES: St. Cyr|Laflamme]

1 generated by that additional customer have been offset
2 by the increase in operation and maintenance expenses,
3 the variable O&M expenses that may be incurred by the
4 Company as a result of taking on additional customers.
5 Also, the Company has indicated that it will probably
6 need to install additional services for additional
7 customers, which will be -- which will be depreciated.

8 So, all of that has been taken into
9 account for purposes of estimating the step
10 adjustment's impact to customers. And, about
11 two-thirds of the way down, the estimated increase in
12 annual revenues resulting from the mapping project,
13 offset by potential additional revenues from additional
14 customers, is \$1,123, which would amount to a
15 4.45 percent step increase.

16 And, then, at the very bottom of the
17 page, there is an estimate of the quarterly customer
18 rate after the step adjustment, and that amounts to
19 \$153.21 per customer per quarter.

20 Q. Thank you. Mr. St. Cyr, do you have anything else to
21 add with respect to the step adjustment issue?

22 A. (St. Cyr) I do not. I would just add that the Company
23 supports the calculation and the proposal.

24 Q. Okay. Mr. St. Cyr, I'd like to pursue some tariff

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[WITNESSES: St. Cyr|Laflamme]

1 issues with you. At the prehearing, Staff had
2 explained to the Commissioners that we would be
3 pursuing whether there should be appropriate updates
4 made to the tariff. And, at this point, has the
5 Company looked at updating its tariff? And, if so, are
6 there any updates?

7 A. (St. Cyr) Yes, it has. The current tariff, some of the
8 pages go back to 1985, and it just needs to be updated
9 to be more in compliance with the tariffs that are
10 currently regulated by the Public Utilities Commission
11 and reflect the current practices.

12 There were two sort of major changes, if
13 that's what you want to call them. The first had to do
14 with increasing the service charges. The present
15 tariff includes \$50 per visit during normal company
16 hours and \$75 per visit after normal hours. The
17 proposed tariff will include \$60 per hour during normal
18 company working hours, and \$90 per hour after normal
19 company hours.

20 And, then, the second major provision
21 was to just strengthen the language with respect to
22 delinquent accounts, and specifically including
23 provisions in the tariff that allow the Company to
24 collect any collection fees, court fees, sheriff fees,

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[WITNESSES: St. Cyr|Laflamme]

1 legal fees, associated with pursuing delinquent
2 accounts.

3 Q. What is the -- has the Company looked at collecting
4 fees associated with returned checks?

5 A. (St. Cyr) I believe that's another cost that was added,
6 yes.

7 Q. Is there -- does the Company propose a dollar amount?

8 A. (St. Cyr) I believe the amount was \$35 per check.

9 Q. And, the basis for that \$35 charge would be what?

10 A. (St. Cyr) Based on what the Company is charged by its
11 bank.

12 MS. BROWN: Okay. At this point, Staff
13 would like to reserve an exhibit, if we could. I think it
14 would be Exhibit 7, for a track change version of proposed
15 changes to the tariff. It's nice to have a highlight of
16 some of the costs that the Company is thinking of
17 increasing. But, I'm thinking, if other parties have not
18 had a chance to see these costs or comment on these costs.
19 This is a rate proceeding, and deals with the revenue
20 requirement of the Company. And, potentially, increasing
21 the fees for connections or disconnections during business
22 hour or outside of business hours may have a revenue
23 impact. And, Staff would like to have an exhibit
24 reserved, have a chance to digest the changes, and then

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1 file a recommendation. And, that I presume would be the
2 same for other intervenors, if they wanted to comment on
3 the changes, too.

4 CHAIRMAN IGNATIUS: All right. I think
5 that's a good idea. We'll reserve Exhibit Number 7 for
6 that.

7 **(Exhibit 7 reserved)**

8 CHAIRMAN IGNATIUS: And, we'll have to
9 put some timeframe on it, on when it will be filed and how
10 long people have to comment on it. But let's not worry
11 about that right now, we'll make a note to get back to
12 that.

13 MS. BROWN: Yes. That is the extent of
14 Staff's direct regarding the Stipulation. The
15 Commissioners has also wanted a copy of Mr. Lake's
16 discovery. To the extent Mr. Lake didn't feel like he got
17 a full answer, perhaps Mr. St. Cyr, representing the
18 Company, could stay in the witness box, and, if Mr. Lake
19 wanted to ask the questions again, perhaps we could pursue
20 that way. I'm just offering a suggestion.

21 CHAIRMAN IGNATIUS: Yes. I think we
22 should pursue some of that. What I would recommend,
23 because, Mr. Lake, you're not represented by counsel,
24 we're going to do something slightly out of order. What I

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[WITNESSES: St. Cyr|Laflamme]

1 would like to do is first mark the responses as "Exhibit
2 Number 8". Is there a problem with that?

3 MS. BROWN: Did I mark the tariff as
4 "7"?

5 CHAIRMAN IGNATIUS: You reserved that as
6 "7".

7 MS. BROWN: Thank you.

8 CHAIRMAN IGNATIUS: So, unless there's
9 something else, let's mark that as "Exhibit Number 8".

10 (The document, as described, was
11 herewith marked as **Exhibit 8** for
12 identification.)

13 CHAIRMAN IGNATIUS: And, then, I think
14 Commissioners may want to ask you a few questions right
15 now, and then give Mr. Lake an opportunity to ask anything
16 further. But, since we do this every day, and, Mr. Lake,
17 you don't do this all the time, why don't we go through
18 some questions, to make sure we get as much as we can
19 think of that needs to be out on the record, and then
20 anything we haven't gotten to that you think you need to
21 ask about, you can also do.

22 I'll tell you, it's probably somewhat
23 subjective, but, as I look at the 16 questions that
24 Mr. Lake had asked, and the responses, my view of it was

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1 that eight of them were answered appropriately and fully,
2 six of them were not, and two of them you could argue
3 they're partial responses or maybe they are or maybe they
4 aren't. And, so, I'd like some answers from the stand on
5 the ones that I think are not as fully answered as they
6 should have been. And, so, I don't know if either of you
7 have the packet, but you should make sure you have it in
8 front of you as we go through them. And, a few other
9 questions that I just wanted to follow up on, and my
10 fellow Commissioners may have questions as well.

11 MS. BROWN: Chairman Ignatius, I have a
12 photocopy of what has been provided to you. I'd like to
13 give this copy to the witnesses.

14 CHAIRMAN IGNATIUS: Please do.

15 (Atty. Brown handing document to the
16 Witnesses.)

17 BY CHAIRMAN IGNATIUS:

18 Q. As I look at the packet, and this is altogether marked
19 as "Exhibit 8", the Question Number 2 asked about
20 precautions the Company took when it deepened the well,
21 were there check valves? Was there a screen to prevent
22 sand or other particles entering the water system?
23 And, the answer gave good information about who had
24 done the work, and that the result was adequate water,

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1 and DES was satisfied. But it didn't really answer the
2 questions that Mr. Lake wanted answered. It really
3 answered questions he didn't ask. So, while it was
4 good information, it was really different information
5 than what the request was.

6 So, looking specifically at his
7 questions, Mr. St. Cyr, can you answer Question Number
8 2?

9 A. (St. Cyr) I cannot. I would have to consult with the
10 Company's owner and perhaps the Company's operator in
11 order to do that.

12 Q. All right. We'll take a break at some point. So,
13 we'll come back to Number 2. Looking at Question
14 Number 3, it asked about the volume allowed from Well
15 Number 2 and what the sanitary protective area radius
16 of Well Number 2 was? And, your response was to refer
17 back to the January 18th, 2013 letter, which doesn't
18 seem to answer those two questions. It shows
19 compliance, but it doesn't answer the questions that
20 were asked. So, again, it's useful information, but it
21 isn't responsive to the actual questions asked. So,
22 are you aware of the answers to those two or do they
23 need to be set aside for something after a break?

24 A. (Laflamme) Again, I'd have to consult with the owner

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[WITNESSES: St. Cyr|Laflamme]

1 and perhaps the operator in order to specifically
2 answer that.

3 Q. Similarly, Question Number 4 asked about "two
4 protective easements" and asked for a copy of the
5 document. And, the answer was to the DES letter, which
6 is not responsive to the question about a copy of the
7 easement -- easements. All right. Do you have copies
8 of them?

9 A. (St. Cyr) I do not.

10 Q. So, that would be something to seek during a break?

11 A. (St. Cyr) I'm not sure we would have that here with us.

12 Q. All right. You certainly will check to see if you do,
13 and, if not, find out how we get copies of them.

14 MR. LAKE: Pardon me, ma'am. Did you
15 skip over 3 or am I asleep?

16 CHAIRMAN IGNATIUS: I think we just
17 talked about 3, was the -- Mr. St. Cyr said he didn't have
18 the answer, but he would check during a break on what the
19 responses are.

20 MR. LAKE: Thank you. I'm sorry.

21 CHAIRMAN IGNATIUS: That's okay.

22 BY CHAIRMAN IGNATIUS:

23 Q. Number 5, again, the question was about -- well, the
24 question was for copies, "why were copies of the water

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1 samples and testing not sent to users and what were the
2 test results?" And, the answer again referred back to
3 the DES letter, which, again, may be useful
4 information, but is not directly responsive to the
5 questions. And, so, do you have information on
6 Question Number 5?

7 A. (St. Cyr) In this particular case, the Company is not
8 required to furnish copies to all users of what the
9 test results were. And, I guess the point of referring
10 Mr. Lake to the DES letter and, you know, not only this
11 response, but the other responses, is to simply point
12 out that the Company is in compliance. That it meets
13 the DES regulations on a regular basis. And, while
14 these are specific questions being asked, the Company
15 feels as though it's, you know, it is, in fact, in
16 compliance, and meets compliance requirements, you
17 know, every day.

18 Q. Well, the questions were very specific for particular
19 things, though. It wasn't "are you in compliance or
20 not?" So, I think it's a fair question, and seeking
21 answers to the questions asked or an explanation as to
22 why it's inappropriate, which you didn't do. You just
23 said that the DES letter would cover it. I don't think
24 that's a sufficient response. So, we'll see what we

1 can do.

2 One other clarification. The question
3 assumes that there was a "requirement to take quarterly
4 samples and testing of Well Number 2 after the
5 deepening for the period of one year." Do you agree
6 with that statement from Mr. Lake?

7 A. (St. Cyr) I'm not in a position to know whether that
8 statement is accurate or not.

9 Q. All right. Again, why don't we see if you, over the
10 break, find the answer to that. I know you disagreed
11 with -- you didn't disagree with his statement, but you
12 noted that, in your view, there is no requirement to
13 give copies of any test results. And, then, the final
14 question was "what were the test results?" And, so,
15 that would be something that, irrespective of whether
16 you're required to furnish them to users, the question
17 "what were the test results?" is a fair question. And,
18 so, to seek an answer to that as well over the break.

19 A. (St. Cyr) I guess, to some extent, I'm not really sure
20 it is a fair question either, though. Ms. Thunberg
21 mentioned earlier that some of these may, in fact, be
22 outside of the scope of the proceeding. And, you know,
23 this may be an example of one of those. As long with
24 the deepening of the well, which took place in I

[WITNESSES: St. Cyr|Laflamme]

1 believe it was 2007. You know, we had a 2008 rate
2 case. Some of these issues, to the extent that they
3 existed, may have been addressed at that time. When
4 Ms. Thunberg mentioned the possibility of being outside
5 of the scope of the proceeding, I believe these are
6 some of the things that she was referring to.

7 Q. Well, you would agree, you do a lot of work here, that
8 safe and adequate service is one of the requirements of
9 a utility, correct?

10 A. (St. Cyr) Yes.

11 Q. And, that Mr. Lake appears to be challenging the water
12 quality status of the Company; you disagree and think
13 that DES has shown that you're in compliance. But, if
14 he has a different view, isn't that fair territory to
15 explore during a rate case?

16 A. (St. Cyr) I guess my response to that is, if we're in
17 compliance with DES, then I'm not really sure it is
18 fair territory. DES is the regulatory body that
19 regulates, you know, the Company's adequacy of supply,
20 quality of water. You know, they're the governing body
21 that regulates us. And, as long as we're in compliance
22 with DES requirements, then I'm not sure it is fair in
23 a rate case for a customer to necessarily challenge
24 that. The customer, unless the customer is, you know,

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1 a water quality expert, then just raising the question
2 to me doesn't make it fair.

3 Q. All right. I'm going to disagree with you on that. We
4 have cases where somebody may be technically in
5 compliance with the DES standards, and yet we have a
6 lot of water quality complaints. We bring in -- people
7 bringing in their dirty shirts that are stained from
8 too much iron in the water. It's not a violation, but
9 it's not acceptable to them. And, we don't require
10 that anyone with those users' complaints be, you know,
11 certified water experts. They are people who
12 experience water in their own way and want to raise
13 that with us. So, I would like to see answers to that
14 please.

15 Question 6, 7, and 8, I thought were
16 adequately responded to. Question 9, the question was
17 "why continue to use the other wells, if Number 2 has
18 adequate supply?" And, the answer was, again, the DES
19 letter, which did not seem responsive to me. Do you
20 know the answer to that question?

21 A. (St. Cyr) No, I do not.

22 Q. All right. So, if you can work on that at a break. I
23 found Question 10 and 11 to be adequately responded to,
24 because we do have administrative rules that require

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[WITNESSES: St. Cyr|Laflamme]

1 the protection of customer information. Mr. Lake had
2 said "well, they could have supplied a map", but that's
3 not what he asked. So, I think you responded to the
4 question as he asked it.

5 I found Question Number 12 to be
6 adequately responded to. It's similar to 10 and 11.

7 Thirteen was one I put in the "in
8 between" category. It seemed to me you were responding
9 directly to the question. Noted that the information
10 had gone to the Staff. I don't know if there was any
11 request by Mr. Lake to follow up with Staff to see
12 that. But, certainly, Staff's available to describe
13 what it has received and reviewed. And, I think
14 Mr. Laflamme has actually spoken to some of that
15 already.

16 A. (St. Cyr) If I just may comment?

17 Q. Yes.

18 A. (St. Cyr) We would have also provided Mr. Lake and
19 Mr. deFeyter with all of the Company's responses to
20 Staff data requests.

21 Q. All right. On Question 14 is, I think, answered a bit.
22 I just had a follow-up. This is regarding the water
23 tank housing on property that the Company doesn't own.
24 Is the water tank housing facility in the Company's

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1 rate base?

2 A. (St. Cyr) Yes, it is.

3 Q. So, although the underlying land may not be, the
4 facilities on the land are?

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

6 Q. All right. Question Number 15, asking for a copy of
7 the easements on the property of Mr. and Mrs. Lake, did
8 not supply a copy of the easement, it described the
9 reservation of rights. Is there a reason that you did
10 not supply a copy of the easement?

11 A. (St. Cyr) I'm not aware of the specific reason.

12 Q. I considered Question 16 to be adequately answered.
13 So, those are the follow-ups that I think would be
14 appropriate to gather for the record.

15 I also wanted to ask a couple of
16 questions about items that Mr. Lake raised at the very
17 opening. He said that there is a connection to one
18 house, and perhaps two houses, I wasn't sure, that are
19 outside of the franchise boundary. He didn't use that
20 phrase, but I think he said they "go to another
21 subdivision that is isn't part of the Company's
22 franchise territory." Are you aware of anything that
23 relates to that allegation?

24 A. (St. Cyr) I'm not aware. Mr. Sullivan might want to

1 respond to that.

2 CHAIRMAN IGNATIUS: All right. Then, I
3 think what we should do is swear Mr. Sullivan, and then
4 hear an answer to that. And, be sure you speak into the
5 microphone when you do, so everyone can hear you.

6 MR. SULLIVAN: Okay.

7 (Whereupon **Nathaniel Sullivan** was duly
8 sworn by the Court Reporter.)

9 **NATHANIEL SULLIVAN, SWORN**

10 CHAIRMAN IGNATIUS: Mr. Sullivan.

11 WITNESS SULLIVAN: How are you?

12 CHAIRMAN IGNATIUS: Thank you.

13 WITNESS SULLIVAN: With regards to the
14 question "do we operate outside the franchise?" We do
15 not. That was actually raised at the last rate case. We
16 border upon Pennichuck's franchise area. We met with an
17 engineer to see if there was theft of water at any of the
18 bordering properties. There was not. That was an issue
19 in our 2009 rate case that we dealt with that then.

20 BY CHAIRMAN IGNATIUS:

21 Q. So, do you know what Mr. Lake might have been thinking
22 about when he described that house or two houses?

23 A. (Sullivan) It backs up to our property. It was built
24 by a relative of mine. There was a question of "did

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1 they run a water line over there?" We did an
2 investigation with the engineer, John, and I can't
3 think of his last name right now, with Pennichuck, all
4 those properties are metered. They went into the
5 building and actually traced the water lines to see
6 which direction they were running in, and that was not
7 the case.

8 Q. So, there is no connection --

9 A. (Sullivan) There is no, outside of our franchise area,
10 there is no connection.

11 MR. LAKE: May I challenge this witness
12 now or --

13 CHAIRMAN IGNATIUS: In a moment.

14 MR. LAKE: In a moment, thank you.

15 CHAIRMAN IGNATIUS: But make a note of
16 what your question is, so you don't lose track.

17 Commissioner Harrington, questions?

18 CMSR. HARRINGTON: Yes.

19 BY CMSR. HARRINGTON:

20 Q. I just had a question on the mapping issue. It was
21 stated during the prehearing conference that the
22 mapping plan was "due out tomorrow", meaning the day
23 after the prehearing conference. Has the mapping plan,
24 in fact, been issued?

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1 A. (St. Cyr) The Company currently has a preliminary plan
2 that was developed for the expenditures that it made.
3 It still needs to be updated and added to it.

4 Q. So, the mapping issue itself, and I'm just -- this is a
5 DES requirement, to show where basically everything in
6 the system is. That's not been completed as of yet?

7 A. (St. Cyr) No. That's the subject of the step increase.

8 Q. And, when is that scheduled, the actual work scheduled
9 to be done?

10 A. (St. Cyr) At this point, the work isn't scheduled. The
11 contractor hasn't been paid, and the Company has --
12 he's not agreed to do any more work until he gets paid.

13 Q. And, what he's done so far then is preliminary work, as
14 far as getting ready to do the actual mapping? I'm
15 trying to figure out what's been done --

16 A. (St. Cyr) No, there is actually a plan, and the plan
17 has been distributed to the parties. But it needs to
18 be finalized and added to.

19 Q. And, that will be paid for through the step increase?

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

21 Q. And, then, they will actually go out and do the
22 mapping?

23 A. (St. Cyr) No. The Company has to pay the individual to
24 do the work, and then complete the work, submit those

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1 costs to Staff for its review, and then make a
2 recommendation to the Commission for approval of the
3 step increase, to allow it to recover the cost that it
4 spent on the project.

5 Q. Okay. I'm just trying to get the -- how this is going
6 to work out. The step increase you're requesting now
7 is to cover the work that's already been performed by
8 your contractor?

9 A. (St. Cyr) No. The step increase is not going to go
10 into place until the work is completed.

11 Q. Okay.

12 A. (St. Cyr) And, the work isn't scheduled, because the
13 Company hasn't completed paying for the work that the
14 surveyor has already done.

15 Q. And, when will he be making those payments?

16 A. (St. Cyr) It's a function of when cash is available to
17 do so.

18 CMSR. HARRINGTON: Okay. All right.

19 Thank you.

20 CHAIRMAN IGNATIUS: Commissioner Scott.

21 CMSR. SCOTT: Thank you.

22 BY CMSR. SCOTT:

23 Q. Still on the system mapping, or I think someone said
24 DES gives it a different name, but the recording of the

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1 system.

2 A. (St. Cyr) Record drawings.

3 Q. Thank you. So, I -- and, I can't find at the moment,
4 but I see there's an entry for a grant from DES for
5 part of that, for \$1,500?

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

7 Q. Is that money already received or is that contingent
8 upon some action?

9 A. (St. Cyr) That money has already been received, and
10 that money has been forwarded to the surveyor as part
11 of the payment of the work he's already done.

12 Q. Okay. Thank you. Also, going back to our January
13 prehearing conference, I think I had asked about, for
14 the utility, there is no meter -- individual meters as
15 required by our -- the Public Utilities Commission
16 rules, correct?

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

18 Q. Okay. So, is embedded in -- is one of the requests of
19 the Commission that we waive our rules or has that
20 already been done?

21 A. (St. Cyr) I believe there's a waiver already in place.

22 Q. Okay. And, was there a timeframe associated with that,
23 do you know?

24 A. (St. Cyr) I don't know that there was.

[WITNESSES: St. Cyr|Laflamme|Sullivan]

1 CMSR. SCOTT: Okay. Thank you.

2 CHAIRMAN IGNATIUS: Thank you. Then,
3 let's move to questions from Mr. Lake, to either of the
4 panelists, or on the issue that you said you wanted to ask
5 a follow-up to Mr. Sullivan. Why don't you go ahead.
6 And, just -- well, you're good to hear. You're probably
7 okay where you're seated.

8 MR. LAKE: Thank you.

9 **CROSS-EXAMINATION**

10 BY MR. LAKE:

11 Q. At the last hearing, Mr. Sullivan here, Nate Sullivan,
12 said that he had paid another thousand dollars to the
13 surveyor. Is that an accurate testimony, Mr. Sullivan?

14 A. (Sullivan) We paid approximately I believe it's 2,500
15 in total, the \$1,500 grant money and a thousand dollars
16 on the previous bill for the mapping, correct. That's
17 without looking at the numbers confirming.

18 Q. Did you receive a quotation for his work or you just
19 say "go do it"?

20 A. (Sullivan) We did receive an estimate, and we received
21 several -- two estimates, one a verbal. And, based on
22 the price and the surveyor who had done work on the
23 property previously, knowing the layout of the
24 property, we went with the local surveyor.

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1 Q. Do you consider his work being accurate to what he had
2 done or have you found problems with his surveyor?

3 A. (Sullivan) I don't -- I'm happy with his work, yes.
4 I'm not an engineer. So, I couldn't speak to the level
5 of degree to his "did he get right absolutely perfectly
6 or not?" That's why we hire him.

7 Q. What were the other quotations, Mr. Sullivan?

8 A. (Sullivan) The other one was from White Mountain
9 Survey, and it was approximately -- I believe it was
10 \$9,000. It's in the information that we submitted
11 during discovery.

12 Q. I don't think I ever saw it. Now, you said that a
13 Pennichuck engineer checked out this so-called
14 fictitious 2-inch water line that I had discussed
15 before. Were you there?

16 A. (Sullivan) I met the engineer who walked through the
17 property, I was not on the property. We had contacted
18 him during the last rate case, to make sure that we
19 were not operating outside the franchise area. The
20 engineer went to the property to do an inspection on
21 the meter and the lines, and said that everything
22 seemed to be in order. That they were hooked up to
23 their system and --

24 Q. But how do you know? Do you have anything in writing?

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1 I have two people that are willing to testify that you
2 installed a 2-inch water line to that four --

3 A. (Sullivan) I can't speak to that.

4 Q. -- four, what do you call it, four-unit house for --
5 and they have now converted to apartments? Did you use
6 a hydrophone or did they use a hydrophone? I think
7 that's the terminology that they use. They can hear
8 water running as deep as 10-foot underground. Did
9 anybody test it?

10 A. (Sullivan) The engineer from Pennichuck I believe
11 tested the property to make sure the meter and all
12 their lines were running correctly to the service.

13 Q. "All their lines", excuse me, I'm sorry to interrupt
14 you, but that's what you said, "all their lines"?

15 A. (Sullivan) Mr. Lake, I have no knowledge of any
16 connection. I was not involved with any connection to
17 that property. I wasn't involved in the Company at the
18 time that the alleged connection happened. I have zero
19 knowledge of that. We were asked to clarify that
20 during the last rate case. We contacted Pennichuck,
21 because it is in their franchise area. We followed all
22 the proper procedures. We got a correct and technical
23 answer from Pennichuck that we were satisfied with.
24 The PUC talked to us this last time was satisfied with

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[WITNESSES: St. Cyr|Laflamme|Sullivan]

1 that request, and we closed it. I haven't gone out in
2 the yard with a hydrophone, no.

3 Q. You speak of "the last rate case". It seems strange
4 that I've lived in that house with my wife, I don't
5 know, for 15, 18 years, and I was never informed you
6 had a rate case. The only reason I knew about it was I
7 was talking about -- with Bob deFeyter, Mr. deFeyter
8 one day, and he mentioned, way after the fact, that
9 they had a hearing and agreed to raise the rates.

10 CHAIRMAN IGNATIUS: Mr. Lake, that one I
11 think is getting way beyond the scope. Whether that
12 happened or not, whatever the notice was, and back in
13 those years, we're not going there, all right? So, what's
14 your next question.

15 BY MR. LAKE:

16 Q. Now, you did mention, I think, if you want to have it
17 read back to you, that you own that property in
18 question that I speak of. Are you the owner of that
19 lot?

20 A. (Sullivan) Which property? I don't know which property
21 you're talking about.

22 Q. The one that has the shed on it.

23 A. (Sullivan) That's not my property.

24 Q. Oh, I thought you said you owned it?

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[WITNESSES: St. Cyr|Laflamme|Sullivan]

1 A. (Sullivan) I do not own that. The property directly
2 across from yours is not my property.

3 Q. Okay. And, that belongs to Ned Sullivan?

4 A. (Sullivan) I haven't checked the deed, I don't know.

5 Q. All right. While we're speaking of that lot, it has a
6 -- like a two-bedroom dwelling on it. Where does that
7 house receive its water? Does it go up the hill or --

8 A. (Sullivan) It receives it from a line from one of the
9 tanks.

10 (Multiple parties speaking at the same
11 time, question read back by court
12 reporter.)

13 **BY THE WITNESS:**

14 A. (Sullivan) From the upper water tank.

15 BY MR. LAKE:

16 Q. Is that one of the 42 customers?

17 A. (Sullivan) Correct.

18 Q. And, I think I questioned you last time we sat here or
19 had a hearing about the horse barn that was converted
20 to a house or apartments, I don't know. I don't take
21 the liberty of walking on somebody else's property. I
22 do know that people have been living there. Is that
23 one of the 42 customers that's included?

24 A. (Sullivan) That's correct.

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1 Q. Okay. And, how many units in Forest Edge 1 are
2 included?

3 A. (Sullivan) All the units in Forest Edge 1 are included.

4 Q. Do you know how many there are?

5 A. (Sullivan) If I'm not looking at a map right now, off
6 the top of my head, I believe there are nine
7 condominiums, and one, two, three, four, five -- six
8 homes.

9 Q. So, that's part of the 42, those 15 that you just --

10 A. (Sullivan) Correct.

11 Q. Okay. Have you ever got straightened out the shut-off
12 valve for the condominiums that you had a problem with
13 that we discussed at the last hearing?

14 A. (Sullivan) We didn't have a problem with the shut-off
15 valve at the condominium. The water company shut the
16 upper part of the system off to do the maintenance that
17 was requested by the condominium, when they -- instead
18 of just shutting off the valve. There was no issue
19 with the valve. It was a miscommunication.

20 Q. If I told you that your surveyor made some serious
21 mistakes in his mapping, does that upset you? Do you
22 think you're paying needless money for inferior work?

23 A. (Sullivan) This is the first I'm hearing that you
24 thought that the work was incorrect.

1 Q. Well, I'm not here to point out the mistakes, I know
2 they're there. In the original septic system plan for
3 our house, I refer to my wife and I, it showed the
4 water coming in from Blueberry Lane. That isn't the
5 case.

6 A. (Sullivan) I wasn't involved in the building of your
7 house. I have nothing to do with that. But I do
8 believe that the water hub for all the houses in the
9 middle of Blueberry Lane come from the center of -- the
10 center of what we call the "circle". So, you have a
11 circle with houses all around the outer perimeter of
12 it, and the hub for servicing those comes from behind
13 each house, as I understand.

14 If you're going back to when the house
15 was built, I don't believe you were the original owner
16 either, as far as if there was a miscommunication about
17 where the water line ran from, we have always known the
18 water line runs from behind the house.

19 Q. Well, why wouldn't the septic plan that was approved by
20 the state and --

21 A. (Sullivan) Again, that --

22 Q. -- certified by an engineer show it coming from the
23 road?

24 A. (Sullivan) I don't -- you know, that was 1986. I think

[WITNESSES: St. Cyr|Laflamme|Sullivan]

1 I was still in high school. So, I wasn't involved in
2 that.

3 Q. Well, if I ask you to put the water line with a
4 shut-off valve at the front edge of our property, are
5 you going to try to bill me for it?

6 A. (Sullivan) I believe that we are responsible, the way
7 the old tariff, and rewritten in the current tariff, we
8 are responsible for providing water to the property.
9 If you need it rearranged in your property, that would
10 be actually the owner's responsibility.

11 Q. Well, I guess there's other ways of tackling that, as
12 you well know. Can you tell me, in this agreement,
13 talks about like a \$35,000 note. How do we know that
14 any such animal exists? Is it a figment of your
15 imagination? Joe Sullivan died, and in the probate
16 records you don't list any note that Forest Edge Water
17 Company owes to Kearsarge Building Company, or Joseph
18 Sullivan estate. So, now, all of a sudden, last time I
19 read it, it said you were going to charge \$25,000 for
20 this said note. And, then, all of a sudden it comes up
21 with \$35,000, and these are odd amounts, but the 25 and
22 35 is basically what I'm talking about, plus the odd
23 money. How did that change come about?

24 CHAIRMAN IGNATIUS: And, it looks like

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1 Mr. St. Cyr would be better to answer that. Let's turn to
2 him.

3 **BY THE WITNESS:**

4 A. (St. Cyr) I guess, again, this was an issue that was in
5 the last rate case. And, my understanding is, most of
6 this money is related to improvements that were done at
7 that time that led to the Company's request. There was
8 a huge amount of debt to the owner's father that was
9 converted to equity, but this was debt related to
10 expenditures that the Company had made, I'll say, back
11 in 2006, '07, and '08, that were a large part of the
12 reason why the Company pursued the rate case in 2008.
13 And, these are -- this is debt that's on the Company's
14 books. It's reflected in the PUC annual report that's
15 filed with the Commission on an annual basis.

16 CHAIRMAN IGNATIUS: So that the question
17 Mr. Lake asked, "is there an actual note that can be found
18 somewhere?" How would you answer that question?

19 **BY THE WITNESS:**

20 A. (St. Cyr) Yes, there is an actual note. It was one of
21 the requirements, as I recall out of the last rate
22 case, to formulate a note and to file it with the
23 Commission. I believe it's on file as part of our
24 requirements in the last rate case.

1 BY MR. LAKE:

2 Q. But how do we know that ever existed? The only money
3 they spent they listed as 16,000 odd dollars. I have a
4 quotation from Tasker Well that shows that it's 250 to
5 set it up, \$60 for something else, and then \$13 a foot,
6 and they deepened it 200 feet. So, what we have there
7 is 2,600 and 250 and 60, 310, that's a far cry from the
8 16,000 odd dollars. Now, I do realize that you
9 installed some new pumps. But there's no way that
10 those new pumps and the little bit of electrical work
11 could come up with another \$9,000. Why do we get
12 exaggerated costs?

13 A. (Sullivan) I can't comment --

14 Q. When I -- when I received something that shows me that
15 deepening the well is going to cost them like \$2,910,
16 for set up and drilling, and then the cost of a new
17 pump or two new pumps, and a little bit of wiring,
18 still can't come up with that difference. How do you
19 explain that tremendous increase?

20 CHAIRMAN IGNATIUS: And, I'll let you
21 answer, but I think we need to remember, we're not
22 retrying everything that was in the prior case. So, --

23 MR. LAKE: No, this is to do with this
24 case, as far as I know.

[WITNESSES: St. Cyr|Laflamme|Sullivan]

1 CHAIRMAN IGNATIUS: That's fine. That's
2 fine. Go ahead, either Mr. St. Cyr or Mr. Laflamme.

3 **BY THE WITNESS:**

4 A. (St. Cyr) Well, I was just going to -- again, I can't
5 comment on the specific numbers that he's referring to.
6 But, as part of our filing in the last rate case, we
7 would have had to provide the actual costs that made up
8 the investment. Those costs would have been subject to
9 audit and subject to the normal process. These aren't
10 costs that the Company has made up.

11 CHAIRMAN IGNATIUS: Mr. Laflamme,
12 anything you can add?

13 **BY THE WITNESS:**

14 A. (Laflamme) Other than to echo what Mr. St. Cyr
15 indicated. This note came about in the prior rate
16 proceeding. The Audit Staff did review the note and
17 did make a notation of the note on Page 4 of its audit
18 report. And, there was -- it just indicates that "The
19 filing and annual report agree with the general ledger
20 balance of \$35,608. As a result of the stipulation
21 agreement approved in the prior docket, the Company
22 provided an executed promissory note dated 12/21/2009
23 between Forest Edge Water Company, Incorporated, and
24 Kearsarge Building Company, Incorporated, in the amount

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1 of \$37,454ed, with a stated annual interest rate of
2 7 percent. Kearsarge Building Company was subsequently
3 dissolved in December of 2010. Audit verified that the
4 note contains language binding the terms on the
5 borrower and heirs, successors, *etcetera*, and inuring
6 to the benefit of the Lender and its successors, so
7 endorsees, and assigns. During the test year, payments
8 were made in accordance with the terms of the note and
9 amortization schedule, and paid to the Joseph E.
10 Sullivan, Jr. Revocable Trust of 1998."

11 CHAIRMAN IGNATIUS: Thank you.

12 BY MR. LAKE:

13 Q. Now, that note calls for what, 7 percent, is it, at 20
14 years, payable what, \$3,584 a year? And, somewhere I
15 read that Forest Edge has paid two payments. But, now,
16 we say in this rate case, even if it is correct, why
17 hasn't the note been reduced? You don't pay almost
18 \$7,000 and it still shows the same amount as you
19 showed originally. Can you explain how that comes
20 about?

21 A. (St. Cyr) I'm looking at Schedule F-35 of the 2011 PUC
22 Annual Report. And, in 2011, this is the test year,
23 the outstanding balance at the end of the year was
24 35,608.

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1 Q. Is that the same as the original, Mr. Laflamme, 35,608?

2 A. (Laflamme) I'm sorry, I didn't hear the beginning part
3 of the question.

4 Q. Is that the same amount as the so-called original note
5 was, 35,608?

6 A. (Laflamme) The original note was 37,000 --

7 Q. I beg to differ with you, sir. Do you have a copy of
8 the note?

9 A. (Laflamme) I don't have a copy of the note with me.

10 Q. So, we'll mark that as "unanswered" or "unknown".

11 CHAIRMAN IGNATIUS: Let me suggest
12 something. It's 12:30 right now, and we're going to need
13 to take a break for the court reporter. And, we're going
14 to need to track down some information during the break as
15 well. Let's go off the record for a moment.

16 (Off-the-record discussion ensued.)

17 CHAIRMAN IGNATIUS: Okay. Let's go back
18 on the record. We have a good bit more to go before we
19 finish. So, I think what we're going to do is take a
20 break. Try to keep it at 45 minutes for people to get
21 some lunch and gather some information. And, it may be
22 that some of this can be phone calls you make,
23 Mr. Sullivan may know the answer to some of those things.
24 Caucus a little bit, and then we can get the answers on

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1 the record when we return. It's now 12:30. So, if we
2 resume as close to 1:15 as possible, that would be great.

3 And, on the question of the note, if
4 there's -- if there's information in the Commission files
5 that can be tracked down on that, that would be good. I
6 think we need to remember the focus is any details about
7 that note as they relate to this case, not the prior case.
8 But, if it continues to be something that's part of the
9 calculations that we go through in rate setting, then it's
10 relevant to this. And, so, the most current information
11 about that note and payments made on it that get us to the
12 current total would be appropriate.

13 All right. So, we'll take a break.
14 We'll resume at 1:15. Thank you.

15 MR. LAKE: Thank you.

16 (Lunch recess taken at 12:37 p.m. and
17 the hearing resumed at 1:28 p.m.)

18 CHAIRMAN IGNATIUS: All right. We're
19 back in the hearing on DW 12-254 after a lunch break, a
20 fairly abbreviated one. So, thank you, everyone. Where
21 we left off, Mr. Lake, you had been asking questions.
22 And, during the break, I believe the Company was going to
23 see if it could locate the answers to some of the
24 questions. And, Mr. Sullivan said he knew from his own

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1 recollection the answer to some of those, and, so, you've
2 joined on the witness stand. Thank you for that.

3 So, why don't we first, maybe if there's
4 anything that the Company can give, either of the two of
5 you or Mr. Laflamme can answer any of the questions that
6 were pending, see if we can close out any of those. And,
7 then, go back to Mr. Lake's questioning. And, I just want
8 to remind everyone that we need to stay focused on this
9 rate case, the issues that are elements of this rate case,
10 and try to really make the connection between looking for
11 data and answers to questions and how it relates to this
12 rate case or problems that anyone finds present. So, it
13 isn't just exploring things in the abstract, but it's
14 exploring things because of a particular concern that
15 customers may be experiencing. All right?

16 Ms. Brown.

17 MS. BROWN: I just have a process issue.
18 Over the break, the Company asked if it could send
19 something to the Staff by e-mail, so we could print it
20 out. I've got a copy of this document. And, I don't know
21 whether it's responsive to a interrogatory request of
22 Mr. Lake or whether it was to be entered as an exhibit.
23 So, I'm just trying to flag that I've got it here. I'd
24 like to give it to the Company at this point.

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1 CHAIRMAN IGNATIUS: Sure.

2 (Atty. Brown handing document to Witness
3 Sullivan.)

4 CHAIRMAN IGNATIUS: All right. So,
5 should we do some updating further info found over the
6 break, and in whatever order is best for the panel?

7 WITNESS ST. CYR: I'll start. The most
8 recent questions had to do with the balance of the loan.
9 The original balance was \$37,454. That was at 12/31/2009.
10 This was the loan that was approved coming out of the last
11 rate case. The balance on that loan at 12/31/2010 is
12 \$36,663. The balance of the loan at 12/31/2011 is
13 \$35,607.58. These amounts are the same amounts reported
14 to the Commission in its annual report.

15 CHAIRMAN IGNATIUS: So, the 2011 balance
16 end of the year was 35,607?

17 WITNESS ST. CYR: And 58 cents, yes.

18 CHAIRMAN IGNATIUS: Thank you.

19 MR. LAKE: May I interpose a question?

20 CHAIRMAN IGNATIUS: In a moment. We're
21 going to kind of do some updates, and then we'll go back
22 to you.

23 MR. LAKE: Thank you.

24 CHAIRMAN IGNATIUS: Thank you.

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1 WITNESS SULLIVAN: So, in regards to the
2 data requests originally that Mr. Lake had submitted,
3 initially, the response of the Company was such that, when
4 we contacted the DES, they had suggested that, generally,
5 in a process like this, the letter saying that we're in
6 good standing would be appropriate. So, they forwarded us
7 the letter. To move forward and give the information
8 requested, I believe the first one was, is it Number 3?

9 WITNESS ST. CYR: Number 2.

10 WITNESS SULLIVAN: Number 2. Forest
11 Edge, now this is back in 2007, Forest Edge deepened the
12 well, connected, "did you install a check valve?" That
13 process was handled by F.X. Lyons, which is a certified
14 water operator. The well was also inspected by the DES to
15 make sure it was done correctly. So, we were comfortable
16 with that process. F.X. Lyons, following all the mandates
17 by what's required at DES to take a well off line and put
18 it back on line, and pressure tested by the DES, and
19 bacterial sample to make sure the water was appropriate
20 before it could go on line. So, and that would be
21 provided, that testing, which I'll lead into -- got myself
22 out of order. On Bedrock Well Number 2 --

23 CMSR. HARRINGTON: Excuse me, just
24 before we leave that Lake Request 2, --

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1 WITNESS SULLIVAN: I'm sorry. Yes.

2 CMSR. HARRINGTON: It talks about
3 "installing a screen to prevent sand and other particles
4 from entering the water systems users." Have you had any
5 complaints by your customers about sand or other particles
6 entering their homes?

7 WITNESS SULLIVAN: We have not. The
8 well was originally 180 -- I believe 180 feet, and it was
9 drilled down to 450 feet. So, we have -- I have not
10 received any complaints of sand from customers in their
11 home.

12 CMSR. HARRINGTON: Or any problems
13 associated with that --

14 WITNESS SULLIVAN: No.

15 CMSR. HARRINGTON: -- deepening of the
16 well?

17 WITNESS SULLIVAN: No. There was never
18 an issue reported by any customer to us regarding that.
19 And, again, this goes back to -- this goes back to 2007.
20 And, I'll sort of give you the picture on the deepening of
21 the well, so you understand, because it answers another
22 question in here as well. In 2007, the EPA and the DES
23 had their mandates for a lot of chemicals that are in --
24 naturally occurring in water, radon, fluoride and what

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1 have you. And, the deepening of the well, the decision to
2 do that was based on the fact that the current water
3 quality that we had would not meet the new requirements.
4 So, the decision was made to either spend 20 to \$30,000,
5 obviously, which the Company didn't have, to put in a
6 treatment facility, or the other option would have been to
7 go for more water -- deepen the well and let's see if we
8 could find a different source of water, which is actually
9 what we were able to do.

10 So, as far as the Number 3, we're
11 permitted at 28,800 gallons a day, and the protective
12 radius is 100 and -- now, this is Cindy --

13 (Court reporter interruption.)

14 WITNESS SULLIVAN: I'm sorry. I just
15 spoke to the DES. She pulled our permit and said it's 175
16 feet is the protective radius for the wells. On I believe
17 the deed document that we were asked to get, it says 180
18 or 200 feet. But, from the DES, in a conversation ten
19 minutes ago, it was 175 on Bedrock Well 1 and 2, the
20 protective radiuses.

21 MS. BROWN: Mr. Sullivan, you were about
22 ready to divulge who at DES you were talking to?

23 WITNESS SULLIVAN: Oh, I'm sorry. Cindy
24 Klevens, who's head of the Groundwater and Drinking

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1 Bureau.

2 CHAIRMAN IGNATIUS: And, you gave a
3 volume as well, but I didn't get it.

4 WITNESS SULLIVAN: Oh, I'm sorry.
5 Bedrock Well Number 2 is 28,800 gallons per day.

6 CHAIRMAN IGNATIUS: Thank you.

7 WITNESS SULLIVAN: Number 4. I
8 requested a copy of the easements that I have here that
9 reflect the protective easements on the deed on the
10 property that which the wells sit. So, if I could provide
11 copies or --

12 CHAIRMAN IGNATIUS: All right. Why
13 don't we reserve -- to make copies for everyone, I assume
14 we don't have those available or do you?

15 MS. BROWN: Staff made copies of --

16 WITNESS SULLIVAN: Yes, they were good
17 enough to. Want me to distribute?

18 CHAIRMAN IGNATIUS: Sure. Or, maybe,
19 Ms. Brown, you can do that.

20 MS. BROWN: Okay.

21 CHAIRMAN IGNATIUS: So, let's mark this
22 as "Exhibit 9" for identification.

23 (The document, as described, was
24 herewith marked as **Exhibit 9** for

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1 identification.)

2 CHAIRMAN IGNATIUS: Thank you very much.

3 WITNESS SULLIVAN: For Number 5, the
4 requested testing. The DES published all required testing
5 online is their standard procedure. Also, in the Consumer
6 Confidence Report that we provide annually to our
7 customers, all testing is put in there, and that
8 information would have been sent to all customers when the
9 annual report is sent out to our customers. In June of
10 each year is when we generally do our report.

11 CHAIRMAN IGNATIUS: So, you include it
12 in your annual report, and you send your annual report to
13 all 42 customers?

14 WITNESS SULLIVAN: Correct.

15 CHAIRMAN IGNATIUS: Thank you.

16 WITNESS SULLIVAN: It's actually the
17 Consumer Confidence Report that shows all of our -- the
18 testing and water quality.

19 CHAIRMAN IGNATIUS: Thank you. And, a
20 moment ago Commissioner Harrington asked you if there was
21 -- had been complaints of sand or other particles in
22 water, and you said you had not received any such
23 complaints. Do you have complaints from customers about
24 water quality for reasons other than the "sand and

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1 particle" question?

2 WITNESS SULLIVAN: No. But the quality
3 -- the only issue we occasionally run into, and this is --
4 we send a notice to customers, and there will probably be
5 -- I'm waiting for a report, we just did our fluoride
6 testing. And, it's one of the -- thank you for circling
7 back on that. We have the two wells, and Mr. Lake had
8 asked "why do we keep both wells running?" Occasionally,
9 we get a larger amount of fluoride in one of the wells.
10 So, the two wells, we try of blend it to keep the fluoride
11 level within the parameters of the DES guidelines. If for
12 some reason they do -- if for some reason, say, with
13 fluoride, if there was an issue in this past test we did,
14 we're required to send a notice to all customers within 30
15 days of receiving that test result.

16 As far as any other water quality
17 issues, iron, anything like that, no. And, from what I'm
18 told, from the people who operate the system, everything,
19 it's exceptional water. We're on the same aquifer as the
20 North Conway Water Precinct on our deed well. So, we've
21 had no other issues, other than the fluoride issue
22 occasionally.

23 CHAIRMAN IGNATIUS: And, when it has
24 shown higher than the range that's allowed, you've sent

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1 out notices?

2 WITNESS SULLIVAN: Yeah. We're required
3 by the DES to notify customers within 30 days.

4 CHAIRMAN IGNATIUS: And, you've done so?

5 WITNESS SULLIVAN: I'm waiting on the
6 last test results, so, I don't know. But that's -- we do.
7 Normal standard procedure, yes, we do. That's, you know,
8 by F.X. Lyons, who is our system operator, and it's done
9 automatically when there is an issue.

10 CHAIRMAN IGNATIUS: All right. Thank
11 you.

12 WITNESS SULLIVAN: So, Number 9, I guess
13 I covered Number 9 as well. Number 15, easements, we have
14 provided, we had a court case with Mr. Lake earlier in the
15 year, and we had already provided a copy of that easement
16 to him. Which is an easement on his own property,
17 granting us permission to cross, for the water company to
18 be on the property, if there's an issue.

19 MR. LAKE: Could you repeat that please.

20 WITNESS SULLIVAN: I said that, back in
21 the court case that you had with us back in June, I
22 believe, counsel had provided you with a copy of your deed
23 showing the easement for the water company to be on the
24 property. Which I will say is we've never gone on your

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1 property either. All property within the franchise area,
2 when the deed was originally done, has recorded that the
3 water company has access to the property if there's a
4 problem with the water.

5 MR. LAKE: Do you have that handy? I've
6 never seen that, it's not in my deed. You don't have
7 access to my property, bud. If you do, you might be in
8 trouble. You might end up in the pokey.

9 CHAIRMAN IGNATIUS: Well, let's -- the
10 deed is whatever it says, and --

11 MR. LAKE: Well, it doesn't say what he
12 says, ma'am. I'm sorry.

13 CHAIRMAN IGNATIUS: I understand. The
14 deed provides what it provides. And, Mr. Sullivan said
15 that they have not gone on your property. So, I'm sure
16 you're glad to hear that. All right. I think that is
17 that it for the data request responses or is there
18 anything further?

19 WITNESS SULLIVAN: I believe that was 1,
20 2, 3, 9 and -- 1, 2, 3, 4, 5, and 9 and 15 were the ones
21 that you had requested.

22 CHAIRMAN IGNATIUS: Thank you.

23 WITNESS SULLIVAN: Thank you.

24 CHAIRMAN IGNATIUS: Mr. Laflamme,

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1 anything else that you were tracking down or want to add
2 to what's been described?

3 WITNESS LAFLAMME: Yes. Before the
4 break, excuse me, there was a question with regards to the
5 promissory note and whether or not I had a copy. And, I
6 tracked a copy of the promissory note down from the
7 auditor's files, which I have right here, if you want to
8 see -- if you want to see it?

9 CHAIRMAN IGNATIUS: All right. I don't
10 think it needs to be a part of the record. But,
11 afterwards, if Mr. Lake or anyone else would like a copy,
12 I appreciate your digging it out.

13 WITNESS LAFLAMME: Okay. And, I just
14 would reiterate what Mr. St. Cyr indicated. The amount
15 indicated on the promissory note is \$37,454.

16 CHAIRMAN IGNATIUS: All right. Thank
17 you. So, Mr. Lake, further questions from you?

18 BY MR. LAKE:

19 Q. Mr. Laflamme, I think you told us the balance in 2010,
20 I guess December 31st, 2010, December 31st, 2011. Can
21 you tell us what the balance was on December 31st, 2012
22 on that note?

23 A. (Laflamme) I do not have that data.

24 CHAIRMAN IGNATIUS: And, when would that

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1 normally be filed with the Commission?

2 WITNESS LAFLAMME: That would be filed
3 with the annual report, which is due by March 31st of this
4 year. And, I don't believe the Company has filed its 2012
5 Annual Report yet.

6 BY MR. LAKE:

7 Q. Perhaps Mr. Sullivan there could testify that it has
8 been paid or it hasn't been paid?

9 A. (Sullivan) Without the actual company books in front of
10 me, that's in my office, and I wasn't able to get ahold
11 of my secretary, she was on lunch break. But I don't
12 believe we paid it last year. I think that was -- we
13 had a funding issue with the mapping and other expenses
14 that we incurred last year. So, without looking at the
15 records in front of me, I can't specifically answer to
16 that, but I don't believe it was done.

17 CHAIRMAN IGNATIUS: All right.

18 Mr. Lake, your next question.

19 BY MR. LAKE:

20 Q. Are you familiar with -- you own two properties there
21 on Blueberry Lane, is that right, 23 and 24 or
22 something like that? Lots 23 and 24?

23 MS. BROWN: Can I ask a clarification,
24 whether he's talking about you, personally, Mr. Sullivan,

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1 or you, the Company?

2 MR. LAKE: Whoever owns it.

3 **BY THE WITNESS:**

4 A. (Sullivan) I do own Lot 23 and Lot 24, correct.

5 BY MR. LAKE:

6 Q. And, you had at that time, which is now Dave Douglas do
7 some work for you. And, he gave you a map showing --
8 would you like me to bring this over to you?

9 A. (Sullivan) No, I'm sure you can describe it to me.

10 Q. And, this shows the new building you built on -- they
11 call it Parcel 9 here, I guess it must be -- well, it's
12 where you put the three-car garage. And, that has a
13 water line to it from Bedrock Well -- what is it,
14 Bedrock Well 2?

15 A. (Sullivan) The water line actually will come from the
16 house or the main line. We didn't install the water
17 line. The building that you're talking about was a
18 building that's been on the property since 1986, since
19 before I owned the property, and was destroyed by a
20 fire. So, the water line that's there is the existing
21 water line. No new water lines were installed.

22 Q. And, from that well -- well, that's not the well that's
23 in that pump house. This is the well that is, what,
24 north of it. And, does that clear the -- now, this lot

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1 is 200-foot protective radius. Are you aware of that?

2 A. (Sullivan) My impression was the 200-foot protective
3 radius, the radius has gone up when we deepened the
4 well, but there were existing structures on the
5 property, so that part of the component of the permit
6 was waived by the DES. As far as -- what was your
7 question on the well?

8 Q. Your septic design, is that 200-foot from that well?

9 A. (Sullivan) The septic is 2 -- what the DES is telling
10 me it's 175 feet is the protective radius. The
11 approval for the septic was sent to the Groundwater and
12 Drinking Bureau before it was afforded to the other
13 part of the DES issues, the permit, to make sure
14 everything would be appropriate with the installation
15 of the septic.

16 MR. LAKE: Would you give me a minute to
17 measure this thing here?

18 CHAIRMAN IGNATIUS: And, Mr. Lake, I
19 want to ask you again. What is the relevance of these
20 questions in the rate case?

21 MR. LAKE: As to whether or not we're
22 getting sanitary water. They have a fiduciary duty to all
23 its customers to furnish us with good quality water.

24 CHAIRMAN IGNATIUS: And, you know that

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1 DES has issued them approvals that they find that it's
2 sanitary water. So, is there some information you have
3 that you think conflicts with what they have been told?

4 MR. LAKE: Well, on this map here, it
5 shows Bedrock Well 2 as being a 75-foot protective radius.
6 Now, 75-foot protective radius is for a single family
7 home. This is a community well system. And, this
8 so-called surveyor knows that. He's been working for
9 these people for 20 some years. He built the original --
10 or, he made the original drawings. And, he knows it's a
11 community water system or he doesn't. And, to try to
12 slide this by somebody in the DES, to me, is showing a
13 gutless wonder. I don't like people -- where I come from,
14 one and one always adds up to two. And, if this is a
15 community water system, it should show a 175-foot new
16 setback to the septic system.

17 CHAIRMAN IGNATIUS: But, Mr. Lake, if I
18 understood correctly, Mr. Sullivan said that it is 175 or
19 more feet away, and that within -- and it meets the DES
20 requirements. So, do you have some reason to conclude
21 that the water is not sanitary?

22 MR. LAKE: Yeah. We get the results --
23 I'll leave this question to be answered by their surveyor,
24 because I don't believe they know what they're talking

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1 about. They have high fluoride, 4.17. Used to be 2
2 points. Now, they raise it to 4 points. And, we had a
3 whole year there as over 4 percent, which is a violation.
4 How they got this by the DES is beyond me.

5 CHAIRMAN IGNATIUS: Do you have a
6 question to the Company about that? Do you want to ask
7 for an answer to that?

8 BY MR. LAKE:

9 Q. What is the fluoride content today?

10 A. (Sullivan) I haven't received the latest test. As soon
11 as I do, I know, if you would like, I can forward a
12 copy to you. And, again, proper DES procedures, if for
13 some reason it has gone above the parameter which they
14 say is acceptable in the testing period, by either EPA
15 and the DES guidelines, notice is sent to all customers
16 right away, within 30 days, notifying them of the
17 higher content of fluoride and monitored appropriately
18 that way.

19 I'm not -- we should be receiving a test
20 probably within the week, usually. But, again, any
21 time there was a question of the fluoride issue, which
22 is another reason why we deepened wells, and still
23 trying to do a blending of the wells to balance it.
24 Because, if one has a higher content, then we try to

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1 rely upon the other well to get the fluoride content
2 down. But, as soon as the test has come through that
3 it doesn't meet the deadline, we're required by the DES
4 to notify all customers, which we always have and we
5 always will continue to do. Otherwise, we would be in
6 deficiency with the DES.

7 BY CHAIRMAN IGNATIUS:

8 Q. And, are there any deficiency letters against the
9 Company right now?

10 A. (Sullivan) No. There are no deficiency letters against
11 the Company. That was -- I believe a copy of the
12 letter from the DES back in January say that we're in
13 good standing with them right now.

14 CHAIRMAN IGNATIUS: Thank you.

15 BY MR. LAKE:

16 Q. How about the lead content in the water? I think they
17 say it's up to 50, and the allowable is 15. Why do we
18 have so much lead in the water?

19 A. (Sullivan) The lead sampling is done from six different
20 sites.

21 Q. I beg to differ with you. The information I received
22 from DES shows it comes from your gal there, Lot 16.
23 Every sample was taken from Lot 16, not six different
24 sites. Dave Kelly pointed that out to me yesterday or

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1 the day before. It must come from different sites.

2 A. (Sullivan) Actually, I personally, and if Mr. deFeyter
3 were here he would be able to answer to this as well,
4 because he's one of my sampling sites. The DES sends a
5 sampling site list, with approximately, and I'm not
6 looking at the list, so, they give you approximately
7 double the number of samples needed on a list of what
8 site they want used in the sampling test. So, I'm sent
9 six bottles with the sampling site list. And, I
10 distribute those to the available people, if they're
11 home at the time to run the test for us.

12 In my history with the Company, we have
13 never done the tests from one property. It's six
14 properties. It's actually spelled out by the DES which
15 properties they want used. And, that's the way we've
16 done it -- that's the way I've done it for the past
17 four years.

18 BY CHAIRMAN IGNATIUS:

19 Q. So, just to be clear, your understanding of what
20 happened, and you were involved in the testing, was
21 that you were given --

22 A. (Sullivan) With the sampling, I'm sorry. Yes.

23 Q. Yes, with the sampling. You were given a list of
24 locations to work with. You took those six vials to

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1 each of those locations?

2 A. (Sullivan) Correct.

3 Q. And, they are not the same customer, they were six
4 different customers?

5 A. (Sullivan) Six different customers, correct.

6 Q. And, so, Mr. Lake has heard otherwise --

7 MR. LAKE: Excuse me, ma'am. I had a
8 little batch from the DES showing all those samples for
9 lead and copper were taken from Lot 16, which was a former
10 employee of Forest Edge Water Company, who now works for
11 F.X. Lyons, Linda Kearney.

12 CHAIRMAN IGNATIUS: So, it sounds like
13 there are just two different -- factually two different
14 explanations of what took place. Are there any record
15 that would show, to be able to resolve the factual
16 distinction, to show where the tests were -- the samples
17 were taken?

18 WITNESS SULLIVAN: I could get you a
19 copy of the list that DES sends me and which addresses we
20 use, correct.

21 CHAIRMAN IGNATIUS: All right.

22 MR. LAKE: Well, this is from the DES,
23 ma'am. And, it shows that the samples were all taken from
24 Lot 16 over a period of six to eight weeks.

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1 CHAIRMAN IGNATIUS: All right. And,
2 if --

3 MR. LAKE: And, I'll be happy to fax a
4 copy of that to Marcia Brown.

5 CHAIRMAN IGNATIUS: That would be great.
6 Why don't we reserve two exhibits numbers, 10 and 11; 10
7 would be Mr. Lake's information about sample locations,
8 and 11 would be Mr. Sullivan's information about sample
9 locations.

10 **(Exhibit 10 and Exhibit 11 reserved)**

11 CHAIRMAN IGNATIUS: All right. And,
12 Commissioner Harrington, a question.

13 CMSR. HARRINGTON: Yes. Mr. Lake, you
14 say you've been dealing with DES on this, and you're
15 alleging that there was some violation of the rules, and
16 that they took all their sampling from one location.

17 MR. LAKE: Yes, sir.

18 CMSR. HARRINGTON: In your conversations
19 with DES, did they say that "boy, this guy is violating
20 the rules or" --

21 MR. LAKE: Yes, sir. Dave Kelly, who I
22 spoke to, I don't know if it was one or two days ago, told
23 me that that was not allowable, and it had to be from five
24 different locations.

1 CMSR. HARRINGTON: Okay. Excuse me.

2 Dave Kelly works for DES?

3 MR. LAKE: Yes, sir. And, he's the
4 gentleman that sent me the letter as to 118 civilians on
5 the 47 hook-ups.

6 CMSR. HARRINGTON: I'm sorry, 118 what
7 on what?

8 MR. LAKE: Well, people that live in
9 these houses, in the 47 houses, that are hooked up to the
10 water system.

11 CMSR. HARRINGTON: Inhabitants, okay.

12 MR. LAKE: And, I have a copy of that.
13 I'll be happy to submit it as a --

14 CMSR. HARRINGTON: That's okay. I'm
15 just trying to find out who the gentlemen was. And, in
16 this conversation with Mr. Kelly, did he state that DES --
17 as an employee of DES, that he was going to take up action
18 to address this, what you're describing as a violation of
19 DES rules?

20 MR. LAKE: No, sir. I'm not sure if he
21 wants to stick his neck out, all right? He told me that
22 it cannot be done from one source, it has to be five
23 separate sources. So, I thanked him and said I would
24 follow through on it.

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1 CMSR. HARRINGTON: Okay. You called him
2 on the phone, is that how this occurred?

3 MR. LAKE: Yes, sir.

4 CMSR. HARRINGTON: Okay. And, have you
5 followed up with anyone else at DES to tell them that
6 there was a violation in the way this was being performed?

7 MR. LAKE: Well, first, I have to find
8 those papers that I have. I received 200 some copies from
9 DES, it cost me a fortune. But I was happy to do it,
10 because I felt there was information in DES, which I have
11 discovered, and it disturbs me.

12 CMSR. HARRINGTON: So, what you're
13 saying is that the letter that we received earlier from
14 DES that said "everything was in compliance" is, in fact,
15 wrong, because the sampling locations were incorrect.
16 And, that you're aware of this, and that Mr. Kelly at DES
17 is aware of this, but, apparently, nobody else at DES is
18 aware of it?

19 MR. LAKE: Yes, sir. I mean, it only
20 happened one or two days ago. I haven't had a chance to
21 call the head of DES and discuss it with him.

22 CMSR. HARRINGTON: Okay. And, again,
23 just to make sure, David Kelly is a employee of the New
24 Hampshire Department of Environmental Services, just so

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1 we're clear on who he is.

2 CMSR. SCOTT: Mr. Lake, on that same
3 line, can you just clarify what I thought I heard you say
4 is you talked to DES, Mr. Kelly, and asked him "if all the
5 sampling was from the same site, was that okay?" And, he
6 said "no". Is that what happened? Or, did Mr. Kelly tell
7 you that all the sampling was from the same site?

8 MR. LAKE: No, sir. I had called at DES
9 and they referred me to Dave Kelly. And, I was inquiring
10 as to their knowledge of 47 or 67 hook-ups to this water
11 system. When Joe Sullivan, who died, in I think it was
12 June 30th, 2006, for years I would then hear from Joe
13 Sullivan, talking about the 67 customers, and, I don't
14 know, 187 residents in these dwellings. I don't know how
15 we get such a great discrepancy [sic] between what this Joe
16 Sullivan put in his annual letter, I'd be happy to submit
17 it as a exhibit, and what we have now. There's something
18 here is wrong.

19 CHAIRMAN IGNATIUS: And, feel free to
20 ask the Company to explain that difference, but I think --

21 MR. LAKE: Well, I asked him that,
22 ma'am, and I think it was, what, Question 10 and 11 that
23 you passed over.

24 CHAIRMAN IGNATIUS: No. You wanted

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1 specific names and addresses. But, just the question,
2 "why is their talk of "67", when you now say there are
3 only "42"?" And, feel free to ask that later. But I
4 think Commissioner Scott had a question you still need to
5 zero in on here.

6 CMSR. SCOTT: Yes. Again, I just want
7 -- let me try again. So, did DES tell you that all the
8 sampling was from the same site? Or, did DES say "if it
9 was from the same site, that's not correct?"

10 MR. LAKE: I called Dave Kelly and
11 discussed the situation about the difference in the
12 started with 38 customers, then it went up to 40, now it's
13 42. They discovered two people that weren't paying. So,
14 he said he researched his computer and he got this letter,
15 and he sent it to me. And, he circled the 47 hook-ups and
16 118 people that live in those 47 units. And, today, I
17 heard that that wasn't true. I don't think a man of his
18 stature, it seems to me like myself, one and one is always
19 two. And, he's not going to stick his neck out for me or
20 for you. He's going to tell you the honest facts.

21 CMSR. SCOTT: And, I'm glad to hear
22 that. But, again, what I'm trying to understand, did he
23 tell you that all the sampling was from the same one site?

24 MR. LAKE: No, sir.

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1 CMSR. SCOTT: Thank you.

2 MR. LAKE: I discussed it with him,
3 saying that I had these copies showing Lot 16 as the
4 sampling site. He says "It can't. They have to use at
5 least five different sources to tap into to test for lead
6 and copper."

7 CMSR. SCOTT: That's helpful. Thank
8 you.

9 CMSR. HARRINGTON: And, just one
10 follow-up. On the testing that you're talking about,
11 these five tests that you said were all done from one lot,
12 who performed the test?

13 MR. LAKE: Whoever they sent out. I
14 don't know if it was --

15 CMSR. HARRINGTON: Excuse me, who is
16 "they"? I'm sorry, I don't understand.

17 MR. LAKE: The DES.

18 CMSR. HARRINGTON: So, DES sent somebody
19 out and they did all the tests in one place?

20 MR. LAKE: No, excuse me, sir. I think
21 they tell you when it has to be done. And, these are the
22 -- this section of tests will be on even numbered lots.
23 And, then, another time they will tell you it has to be on
24 odd numbered lots. And, I talked to them and said "I have

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1 these records from DES", that they show they took all the
2 tests from Lot 16, which I'll be happy to send to either
3 the Chairman or Marcia Brown, you know. I am not
4 absolutely stupid.

5 CMSR. HARRINGTON: Mr. Lake, I'm just
6 trying to find out, on the tests you're talking about,
7 you're saying they were performed by a DES employee?

8 MR. LAKE: No, sir.

9 CMSR. HARRINGTON: Or, they were
10 performed by somebody else and submitted to DES?

11 MR. LAKE: I think probably F.X. Lyons
12 ordered the tests by some testing outfit, or maybe one of
13 his employees took the samples.

14 CMSR. HARRINGTON: And, you got your
15 copies of those test results through DES. So, DES must
16 have a record or they know where the tests were taken?

17 MR. LAKE: Yes, sir. And, I'll be happy
18 to send you as soon as I can find them, you know.

19 CMSR. HARRINGTON: That's what I was
20 trying to find out. Thank you.

21 CHAIRMAN IGNATIUS: Okay. Good. Thank
22 you. So, the next question that you had, I think, or did
23 you want to ask why there's a discrepancy between the
24 number of units, and let me -- my understanding was that

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1 "47" was what the Company was allowed, the number of
2 hook-ups the Company was allowed from DES. That doesn't
3 mean that there are, in fact, 47. It's a maximum set, and
4 that you're currently at 42. And, we've heard earlier
5 about five lots that are undeveloped, no immediate sign of
6 any development, although there was some interest in two
7 that might turn into something, is that correct?

8 WITNESS SULLIVAN: That's correct.

9 There are 47 in the permit. I, for example, have, on my
10 property, have two lots. A lady who breeds alpacas down
11 the street has two lots, that she breeds the alpacas on
12 the other lot. Then, there's the horse barn that doesn't
13 have a water connection that was joined with another lot.
14 And, so, then there would be two vacant lots available for
15 development that did recently sell in the last year. One,
16 we did receive an inquiry from the DES making sure water
17 was available, which we responded to. And, the other one,
18 from what I understand, from what I've heard, and I can't
19 speak factually, it will be probably developed in about
20 ten years as a retirement home. And, then, outside of
21 that, we would not issue or have any other customers.

22 CHAIRMAN IGNATIUS: All right. And, the
23 reference to "67 lots" that Mr. Lake mentions?

24 WITNESS SULLIVAN: That I don't know.

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1 That's not -- those are numbers that I wouldn't know at
2 all.

3 CHAIRMAN IGNATIUS: All right. That may
4 have been just a misstatement of "47" to "67".

5 WITNESS SULLIVAN: Correct. Could have
6 been.

7 CHAIRMAN IGNATIUS: I don't know.

8 MR. LAKE: No. It was two or three
9 years that Joe, Senior, Joe Sullivan, Senior, put that in
10 his annual report. And, I'll be happy to furnish the --

11 CHAIRMAN IGNATIUS: I don't know if it
12 -- I don't think you need to, because I think the Company
13 has said it's permitted for 47, and it has no intentions
14 of going even to that number. That the most would be the
15 42 current, plus two more hook-ups, that 44 is the maximum
16 number of customers that you could connect?

17 WITNESS SULLIVAN: At this point, yes,
18 unless the neighbor who has two lots, you know, decided to
19 go out of the alpaca business, and, you know. But, at
20 this point, that's -- we're permitted for 47. We would
21 only know potentially maximum 47 connections. And, as we
22 see it now, the only potential is the 42 may be going to
23 44.

24 CHAIRMAN IGNATIUS: All right.

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1 MR. LAKE: Now, excuse me.

2 CHAIRMAN IGNATIUS: Yes, sir.

3 MR. LAKE: Do you want to say something,
4 sir?

5 CMSR. HARRINGTON: Yes.

6 BY CMSR. HARRINGTON:

7 Q. I just wanted to follow up with Mr. Sullivan, maybe you
8 could shed some light on this testing. Who performs
9 the water testing of your --

10 A. (Sullivan) Generally, the last three series that I've
11 handled, F.X. Lyons will drop off a shopping bag full
12 of looks like little quart milk bottles, with a lock
13 lid, and in that is our instructions. And, again, I'm
14 given a list of -- there are six samples, I believe
15 it's six, because I think this year I had to go back
16 and collect one I forgot to get, five or six. And,
17 what -- the way the instructions come is I'm given a
18 list of potential lots, not all 42, not all 42
19 addresses are on there, say, 12 addresses are on there.
20 So, some of the homes are, for example, weekend homes
21 and condominiums. Obviously, I can't have the testing
22 done if there's nobody home. The test takes about
23 eight hours to perform from start to finish. So,
24 whichever homeowners are home, I'll drop the bottle off

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1 to them. Most of them have done it before. They will
2 read the instructions, actually sign it, or put their
3 name and the time and date on it when they finish it.
4 And, I collect it within a day or two. And, that's how
5 the testing is handled.

6 Q. Do the samples go to -- you collect the water
7 samples --

8 A. (Sullivan) Right. Then, they're taken -- they're given
9 to the -- I return them to DES -- excuse me, to F.X.
10 Lyons, and he ships them down to the DES where they're
11 tested. And, when I spoke to Cindy Klevens earlier to
12 get the information that was requested before the
13 break, I asked her if there was -- she said there's no
14 -- I said "there was a gentleman who said that we
15 hadn't done the test right, the lead and copper test."
16 And, she goes "we only have two women that work in that
17 department." So, I don't even know if that information
18 was correct. But that is -- I have handled the tests
19 specifically for the past two years. The homeowners,
20 the person who is responsible, I drop it off to the
21 homeowner. They do the test as described by the
22 instructions, and I'll pick it up within 24 hours.

23 Q. Okay. And, that is -- that, what you just described,
24 is in compliance with the DES regulations or -- on how

1 it's done?

2 A. (Sullivan) Right. They actually specify how they want
3 it done, how it's supposed to be done, and what
4 addresses to use.

5 Q. And, when you submit these in, then DES, by -- you said
6 that the homeowners puts their location on the bottle?

7 A. (Sullivan) Right.

8 Q. So, DES knows where the samples --

9 A. (Sullivan) Right. They have to. They have to --

10 (Court reporter interruption.)

11 BY CMSR. HARRINGTON:

12 Q. DES knows the location where the sample came from?

13 A. (Sullivan) Correct.

14 Q. Okay. And, have they ever gotten back to you, in the
15 two years, whatever you've been doing this, saying that
16 "you were sampling in the wrong locations and you have
17 to resample"?

18 A. (Sullivan) No. Again, because I'm given a list from
19 them, when the request comes out each time to do the
20 sampling, of the specific addresses they want.

21 Q. DES has never said --

22 A. (Sullivan) I've never -- no. No.

23 CMSR. HARRINGTON: Thank you.

24 BY MR. LAKE:

1 Q. I think, Mr. Sullivan, that you again stated that the
2 old horse barn, which was converted to an apartment or
3 house or apartments, doesn't have water. Do you know
4 you're in violation of the law to let those people live
5 there without water? That barn has had water, I don't
6 know for how many years. I don't know how many people
7 live there. So, we got something cockeyed here.

8 CHAIRMAN IGNATIUS: Mr. Sullivan, I'll
9 let you answer that question, but I want to remember we're
10 trying to stay focused on what's at issue in this rate
11 case. Is the --

12 **BY THE WITNESS:**

13 A. (Sullivan) I think what Mr. -- maybe I had misspoken
14 earlier. There are two barn facilities on the road.
15 One is a barn that does not have water. And, it's the
16 property across --

17 (Court reporter interruption.)

18 **BY THE WITNESS:**

19 A. (Sullivan) I said, if I referred to it as a "horse
20 barn", I apologize. Oh, I said it's across from
21 Mr. Lake's house, it's a barn. A construction storage
22 barn I believe is what you're probably -- what it's
23 being used for. There is no water at that facility.
24 And, that's one of the two lots that's a lot that

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1 doesn't have water that's with another lot now that
2 can't be developed, is what I've been told, but I don't
3 know what the town zoning is on that.

4 As far as the former stables, there is
5 water service there. There has been water service
6 there since it was built in 1976, and they do pay for
7 water.

8 CHAIRMAN IGNATIUS: All right. Thank
9 you for that clarification.

10 BY MR. LAKE:

11 Q. Do you pay for water for those two lots that you own,
12 Mr. Sullivan?

13 A. (Sullivan) I pay for one service hook-up.

14 Q. One service hook-up. What happens then when you
15 complete the -- what is it, a three-car garage, with a
16 two-bedroom apartment in the building, the one you
17 rebuilt after the fire? Then, you're going to pay the
18 same rate as everybody else for that building?

19 A. (Sullivan) The water service that the garage had is the
20 same water service it had prior to the fire. There is
21 no separate dwelling there. It's a series of garages,
22 a storage area, and an office.

23 Q. Well, the information I have shows it as a three-car
24 garage, with a little storage area off to the end, and

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1 it has an apartment overhead. And, maybe in the other
2 end a living room, then it has a bathroom and two
3 bedrooms. So, you know, either I'm crazy or the Town
4 of Conway may be crazy.

5 CHAIRMAN IGNATIUS: Mr. Sullivan?

6 **BY THE WITNESS:**

7 A. (Sullivan) There is no bedroom facility in the garage,
8 and there's no kitchen. It does have a bathroom,
9 that's correct.

10 MR. LAKE: Would I be allowed to send
11 that in as an exhibit tomorrow or the next day?

12 CHAIRMAN IGNATIUS: To send what?

13 MR. LAKE: The information I have as to
14 have two bedrooms, and a bathroom, and a little storage
15 area. It's an apartment. Maybe he doesn't have anybody
16 living there now, but it was built as an apartment.

17 CHAIRMAN IGNATIUS: You know, I'm having
18 a hard time understanding how this connects to the rate
19 case. Mr. Sullivan says "there is no bedroom, there is no
20 kitchen."

21 MR. LAKE: Well, I'm saying just the
22 opposite, ma'am.

23 CHAIRMAN IGNATIUS: And, I'm wondering
24 how you know that? And, further, how that's relevant?

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1 Because we're going to be here all day --

2 MR. LAKE: It's part of the rate case.

3 Either they're paying their fair share or they're not.

4 CHAIRMAN IGNATIUS: All right. So,

5 let's focus on that.

6 BY CHAIRMAN IGNATIUS:

7 Q. Mr. Sullivan, do you pay any different rate than anyone
8 else does?

9 A. (Sullivan) I pay the normal rate that everybody else
10 does.

11 Q. All right.

12 A. (Sullivan) That's it.

13 Q. And, the property that we're talking about is a lot
14 that has both a house and a garage?

15 A. (Sullivan) Correct.

16 Q. And, the garage has some developed unit, in addition to
17 space for cars?

18 A. (Sullivan) It's the same development -- same structure
19 it was before the fire. The footprint's the same,
20 everything's the same, it had water service. The only
21 thing we changed was I put a bathroom in there, because
22 it's -- I'm working in a garage that's on the other
23 side of my property.

24 Q. Is there anyone living in that garage?

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1 A. (Sullivan) There is no -- there is nobody living there.
2 And, I think maybe part of the confusion might be
3 coming, when you apply for a septic approval from the
4 state, they do it on the number of bedrooms in the
5 house. So, the minimum is two. So, that's what we --
6 it shows as a "two-bedroom", but it's -- you need a
7 permit to put a septic in if there's a bathroom, and
8 they want to know how many bedrooms, so we did it as a
9 minimum two. There is no dwelling facility there,
10 there is nobody living there.

11 Q. So, if you wanted to rent it out to someone, would you
12 be able to?

13 A. (Sullivan) No. It doesn't have a kitchen.

14 Q. And, there's no one using it right now?

15 A. (Sullivan) No, there is nobody.

16 Q. All right.

17 A. (Sullivan) It's not even -- it's actually been under
18 construction for two years, and it's not complete yet.
19 Just the office area is set up. But it's not -- it's
20 not designed as a residence. The misnomer, I feel, and
21 I can understand this, again, applying for a septic
22 permit for a two-bedroom, but it's a garage with an
23 office area.

24 CHAIRMAN IGNATIUS: All right. Then,

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1 let's move on. Mr. Lake.

2 BY MR. LAKE:

3 Q. Mr. Sullivan, are you familiar with Google aerial
4 mapping?

5 A. (Sullivan) I've seen a Google map before, yes.

6 Q. Of the Blueberry Lane and the upper Forest Edge 1? I'd
7 be happy to bring this over and show it to you.

8 A. (Sullivan) Well, I'm not sure what that would have to
9 do with the rate case, but what would the question be
10 with the Google map?

11 Q. Well, it shows Joe Sullivan's original house, very
12 close to the -- what do you call them, a cul-de-sac, a
13 circle, where the driveway comes in and circles around?
14 What I'm wondering is, how do we get 175 feet? This
15 shows two wells here on this property. You cannot,
16 unless you're a genius and brought up in this
17 technology, you can't discern how close those two wells
18 are to the septic system. I still say that they're in
19 violation. I also want to go back to the shed that you
20 said "barn", it's a shed, that your brother Ned uses in
21 violation of the zoning ordinance.

22 CHAIRMAN IGNATIUS: Well, Mr. Lake, I
23 don't know what the zoning ordinance terms have anything
24 to do with the rate case. I'm trying very hard to give

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1 you the opportunity to --

2 MR. LAKE: I appreciate it, ma'am. But
3 what I'm trying to get to is, that his brother Ned buried
4 10 to 30 big stumps maybe 40 feet above that shed. It's
5 in violation of the protective zone for wells. There's a
6 2,050 foot protective radius, yes, wellhead protective
7 area radius, 2,050 feet. Now, that means that those
8 stumps are degenerating, and a one to two minute perc
9 rate, all of those sour degenerated particles are going -
10 whoosh - right into the water table.

11 CHAIRMAN IGNATIUS: All right. And, let
12 me ask you, when do you believe that this burying of
13 stumps occurred? Recently? Many years ago? What?

14 MR. LAKE: Three to four years ago.

15 CHAIRMAN IGNATIUS: All right.

16 MR. LAKE: I got it before the Zoning
17 Board in the Town of Conway, and they just shrugged it
18 off. They're not interested.

19 CHAIRMAN IGNATIUS: Mr. Sullivan, is
20 there any DES investigation pending or any finding
21 regarding the protective radius around the wells?

22 WITNESS SULLIVAN: No. And, as far as
23 I'm concerned, the knowledge of any stumps being buried I
24 know where they are, the wells near any sort of stumps

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1 being buried, I have no knowledge of that, by his shed, I
2 don't know that. I don't know anything about it.

3 BY MR. LAKE:

4 Q. Who's going to --

5 WITNESS SULLIVAN: This is the first
6 I've heard. Nobody --

7 BY MR. LAKE:

8 Q. -- take these stumps out and haul them away?

9 CHAIRMAN IGNATIUS: It has to be one at
10 a time please. Let Mr. Sullivan finish, and then go
11 ahead.

12 MR. LAKE: Thank you.

13 WITNESS SULLIVAN: This is the first
14 report that anybody has said that something was done
15 within the protective radius of 2,000 feet. But I don't
16 -- conceivably, I don't think that his property was
17 2,000 feet from where the wells are.

18 CHAIRMAN IGNATIUS: His property being?

19 WITNESS SULLIVAN: Where the shed is,
20 the barn or whatever it is. The barn that we mentioned
21 that Mr. Lake has said was a shed in violation. That's --
22 I would think that's, without a ruler and a measure, I
23 wouldn't be able to tell you, but it's on the other side
24 of the development.

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1 CHAIRMAN IGNATIUS: All right.

2 Mr. Lake.

3 MR. LAKE: Well, I can't tell you it's
4 within 2,050 radius, protective radius. But I'm quite
5 certain it is. And, whether it's 2,100 or 2,200 feet,
6 those buried stumps degenerating and going right into the
7 water table, no wonder I haven't had a drink of this water
8 in 5, 8 years. I buy my water, because I know it's good
9 water. And, I wouldn't trust this water system or the
10 testing. He still never answered my question about the
11 four tests that he was instructed to take when he deepened
12 the well. It changes the alkalinity, it changes the
13 fluoride. And, he was instructed to take four, you know,
14 four quarterly tests and report back to him. And, under
15 his speech before, he has to report all that back to his
16 customers. I never got a report of what -- I asked him
17 for it in the interrogatories, and he shrugged it off.

18 CHAIRMAN IGNATIUS: I think his answer
19 was that, if something exceeds certain limits, you have to
20 report back. So, let's go through those questions one at
21 a time, instead of assuming.

22 BY CHAIRMAN IGNATIUS:

23 Q. Mr. Sullivan, did you have a requirement to do
24 quarterly testing after the well was deepened?

1 A. (Sullivan) The quarterly testing is done on a regular
2 basis with all our wells. With a new well, if there
3 were any testing requirements, that would have been put
4 in the consumer confidence report. It's 2007, I don't
5 have that specific information. I'd have to actually
6 go into storage to look up what it was done and how it
7 was handled back then. Again, we pay F.X. Lyons, who
8 is a system -- a certified system operator in the State
9 of New Hampshire to run it. And, we've never had an
10 issue with anything that they have done in violation of
11 not doing something properly.

12 Q. All right. So that, if there were any exceedances of
13 the thresholds that are allowed, you would have
14 notified customers?

15 A. (Sullivan) We would be required by the DES to notify
16 the customer.

17 Q. Do you recall if there were any threshold amounts that
18 were exceeded?

19 A. (Sullivan) Not to my knowledge. Not to my knowledge.
20 The only issue that we've had is the fluoride issue,
21 which is naturally occurring in granite. So, it's
22 something that we, if we do go above that level, we are
23 required to and have to show proof that we did to the
24 DES to notify the customers within 30 days.

1 Q. And, you say you "would have to do that if it were
2 exceeded." Has it actually -- has the fluoride level
3 been above the threshold limit at any time?

4 A. (Sullivan) We have. We fall in a range if it's higher,
5 it's only an acceptable range, but it's higher than
6 what they require. So, and, again, that's information
7 that we send out to -- F.X. Lyons will notify the
8 customers as our operator, notify them right away
9 within the 30 days of notification. We have, in the
10 past, notified customers of high fluoride, that's
11 correct.

12 Q. Since the last rate case, have you had amounts that
13 required notification to customers?

14 A. (Sullivan) I don't have that information in front of
15 me. I know we had an issue, I believe, a few years
16 ago. So, it's -- my understanding, the way they do it
17 is they do it over like a two to three year period, so
18 it's not just we had test, boom. They run you back a
19 few years, so that there's a ladder on it, so it
20 doesn't look like "well, we just had an occurrence.
21 This has happened in the past." That's how we notify
22 the customer.

23 Q. All right. And, you're due to get a new fluoride test
24 result fairly soon from DES?

1 A. (Sullivan) Correct. Yes.

2 CHAIRMAN IGNATIUS: All right. Thank
3 you. Mr. Lake.

4 MR. LAKE: Excuse me for a minute.

5 CHAIRMAN IGNATIUS: That's all right.

6 MR. LAKE: I ran out of paper, your
7 Honor.

8 BY MR. LAKE:

9 Q. Now, I heard that there was no requirement from DES to
10 put a sand screen in. And, if you would go back in the
11 records, he would find that they told him he had to put
12 a sand screen. The same as they told him he had to put
13 separate valves on those two wells. They told him he
14 had to have an easement from those two lots protecting
15 the wellhead. It's not an easement, it's a restrictive
16 covenant. And, I guess he's done it. And, he's
17 supposedly furnished us a copy of it. I lost my whole
18 train of thought on that. I can't find the paper I
19 wrote on.

20 CHAIRMAN IGNATIUS: Do you have other
21 questions and we can circle back to that one?

22 MR. LAKE: I think this is it.

23 BY MR. LAKE:

24 Q. So, you do own the Parcels 9 and 10 or Lot 23 and 24,

1 is that correct, Mr. Sullivan?

2 A. (Sullivan) I'm not sure about "9 and 10", I don't
3 know --

4 Q. Well, that's what your surveyor put on the map.

5 A. (Sullivan) I'm 23 and 24, but, technically, I'm 342
6 Blueberry Lane.

7 Q. Yes. But they changed it to something else. All
8 right. You own 23 and 24?

9 A. (Sullivan) Correct.

10 Q. Where is the main water line that comes from Bedrock
11 Well 1 and Bedrock Well 2, they're tied together,
12 correct?

13 A. (Sullivan) Yes. That's correct.

14 CHAIRMAN IGNATIUS: And, before we go
15 too far down this line, what's the connection between
16 which line serve his property and the rate case?

17 MR. LAKE: Oh, I'm asking him about the
18 main line that comes from those two wells that feeds the
19 whole subdivision.

20 CHAIRMAN IGNATIUS: Okay.

21 MR. LAKE: That's where the water comes
22 for 47 house units. And, I want to know, they are
23 supposed to have done this three years ago, I have a
24 letter here. And, the three years has long passed, and

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1 DES told them to do it three years ago.

2 CHAIRMAN IGNATIUS: Okay. So, let's
3 focus on what you said they were required to do, and
4 whether or not they have done it. So, --

5 MR. LAKE: Well, I think he's already
6 answered it, ma'am. No, they haven't, and they're going
7 to get around to it some year.

8 CHAIRMAN IGNATIUS: This is the mapping?

9 MR. LAKE: Mapping, yes.

10 CHAIRMAN IGNATIUS: Yes.

11 MR. LAKE: I mean, I've got a map here,
12 I'd be happy to show you. This is back from the original
13 water system. I got it from the DES years ago, and it
14 shows where the main lines are. These people don't know
15 where they are. There's a map that's of record that shows
16 where the main lines are. It shows stubs, the stub is an
17 ending. Where I said last time that they should put flush
18 valves. Now, where I see it as three stubs, they could
19 put three fire hydrants, reduce our insurance rates,
20 protect our properties, same cost, maybe even less than
21 putting in a flush valve. And, you can flush a fire
22 hydrant. All you got to do is open it.

23 CHAIRMAN IGNATIUS: Do you want to ask
24 him a question about that?

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1 BY MR. LAKE:

2 Q. Would you be interested in putting in three fire
3 hydrants on the end of your stub lines, Mr. Sullivan?

4 A. (Sullivan) The system needs a certain amount of water
5 pressure to sustain fire hydrants. And, even with our
6 tank storage capacity and pumping capacity, I don't
7 think it meets what the fire hydrants would require.
8 And, again, when the subdivision was put in, there was
9 no promise of fire hydrants. I know that Pennichuck
10 had run into this issue with the Birch Hill system.
11 They had actually put the fire hydrants. But, because
12 they don't have the 100,000 gallon storage capacity,
13 the hydrants are no good. They don't work, they're not
14 even connected.

15 So, at this point, unless we did
16 substantial upgrades to the system and put in a
17 substantially larger storage capacity, which, of
18 course, would probably be a reason for another rate
19 case, the system as it is wouldn't be able to support
20 hydrants, is my understanding.

21 Q. You don't have any engineering opinion as to that?
22 You've got a 2-inch water line, 3,500 feet of it
23 throughout the subdivision. You have three stubs
24 there. Rather than put in flush valves that you billed

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1 out for \$870 down by the well, which is absolutely
2 useless, you could put in three fire hydrants, protect
3 the people's property, and you could use it to flush
4 the system.

5 CMSR. HARRINGTON: Excuse me.

6 Mr. Sullivan, maybe I can see if we can clarify the issue.

7 WITNESS SULLIVAN: Sure.

8 BY CMSR. HARRINGTON:

9 Q. If I understand what your saying is, if you were to
10 install the fire hydrants, because of the lack of
11 storage capability --

12 A. (Sullivan) Storage and pressure, correct.

13 Q. -- and pressure, that they would not really qualify in
14 the eyes of any insurance company of --

15 A. (Sullivan) Correct.

16 Q. -- being fire hydrants, so it would be resulting in no
17 savings to the persons -- the people in the area.

18 A. (Sullivan) Correct.

19 CMSR. HARRINGTON: Thank you.

20 WITNESS SULLIVAN:

21 **CONTINUED BY THE WITNESS:**

22 A. (Sullivan) And, the conversation, it wasn't an actual
23 formal or written, after I had a fire on my property
24 that was, to me, devastating, and we did need to bring

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1 in a pumper truck, I had the conversation with Francis
2 Lyons, who is the system operator. And, he just sort
3 of ran through some quick numbers with me and say
4 "unfortunately, it doesn't work." And, that's for --
5 he had explained what had happened with the Pennichuck
6 system as well on the other side. Just, you know,
7 10,000 gallons is drained in two seconds.

8 BY CMSR. HARRINGTON:

9 Q. So, in order to actually qualify as fire hydrants, you
10 would have to put in a very expensive additional tanks
11 and pumps and so forth?

12 A. (Sullivan) Correct. And, a separate -- yeah, exactly.

13 CMSR. HARRINGTON: Thank you.

14 MR. LAKE: I disagree with that.

15 Because, if he has enough pumping capacity, 175 gallons a
16 minute flow rate from that Bedrock Well 2, and he pumps
17 that water 100 and some feet up the hill, and he sure as H
18 has got enough pressure to fight a fire. You see that TV
19 thing here and there where they had a fire --

20 CHAIRMAN IGNATIUS: Mr. Lake. Mr. Lake.

21 MR. LAKE: -- they guy with a fire hose
22 saved his house with a little fire -- with a little water
23 hose.

24 CHAIRMAN IGNATIUS: Mr. Lake, we've got

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1 to stay focused on the --

2 MR. LAKE: I understand. But, you know,
3 I don't have to agree with what he's saying.

4 CHAIRMAN IGNATIUS: I understand. All
5 right. Let's move on.

6 BY MR. LAKE:

7 Q. I discussed that their surveyor showed that Bedrock
8 Well 2 has a 75-foot radius. They have been working on
9 this stuff for 20 some years, he did all the work for
10 your father. But, now, he's trying to sneak it by that
11 it's not a community water system. I'm going to send a
12 letter to the Chairman of the Surveyors and see what
13 they want to do with him.

14 Do you by any chance have any knowledge
15 where the septic system is for the house, I guess
16 you're living in it, old Joe Sullivan's house there?

17 CHAIRMAN IGNATIUS: And, again, tell me
18 why that's relevant to this case.

19 MR. LAKE: As to protection for the
20 well.

21 CHAIRMAN IGNATIUS: All right.

22 MR. LAKE: It was originally 200 feet,
23 now they reduced it to 175 feet. I mean, I can't go on
24 their property and measure it. You know, I'd be

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1 trespassing.

2 CHAIRMAN IGNATIUS: But we know that DES
3 has found that it's appropriate, correct?

4 MR. LAKE: Oh, I don't know. But maybe
5 -- maybe they have some information I don't have. I was
6 studying all the paperwork they sent me. I've got three
7 or four exhibits I want to send back to Marcia Brown.
8 And, I'd like the Board to review them.

9 While we're at it, I dug this out of the
10 DES files they sent me. This is a map of the upper
11 section originally called "Forest Edge 1". And, they have
12 sent this out to, I guess, Ned Sullivan. "Identify
13 property lines, add pump house locations, label roads,
14 show all wells, call out 2 inch tie locations for main
15 underground fittings, "isolation valves" they call it,
16 identify two ties for each service", in other words, they
17 want two distance ties and they don't request angles.

18 CHAIRMAN IGNATIUS: So, what's your
19 question?

20 BY MR. LAKE:

21 Q. Have you received this? This is the original copy of
22 the subdivision of three lots, which I opposed
23 subdivision, Robert deFeyter opposed the subdivision.
24 However, the zoning board passed three lots. But they

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1 did say that there will be no further development of
2 these properties.

3 CHAIRMAN IGNATIUS: All right. And, so,
4 what's your question and how does it relate to this
5 matter?

6 MR. LAKE: I wanted to know if he
7 received a copy of this map.

8 CHAIRMAN IGNATIUS: And, whether he did
9 or not, what is the relevance to the rate case?

10 MR. LAKE: Well, it has to do with
11 getting this survey done for all the water system. That's
12 what this is all about, getting the survey done for the
13 water system.

14 CHAIRMAN IGNATIUS: The mapping?

15 MR. LAKE: Yes, ma'am.

16 CHAIRMAN IGNATIUS: And, we have a
17 provision in the Settlement Agreement that the mapping, on
18 how that will be dealt with. So, I'm asking you, whether
19 he got the map or not, what is your question that has to
20 do with the rate case?

21 MR. LAKE: Well, half the work is
22 already done. When I had the meeting here with the two
23 gentlemen, Mr. Laflamme and, excuse me, young fellow, I'm
24 old, and Marcia Brown, I stated that I didn't want this

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1 Forest Edge 1 mapping project to exceed, and I said "not
2 to exceed \$3,000". She's got a loose \$3,500 in here, and
3 they could go to \$6,000. Well, what are we going to do
4 about it? "Not to exceed" is not a peculiar language. It
5 locks it in, "not to exceed".

6 CHAIRMAN IGNATIUS: All right. So, your
7 position is that it should be locked in and not allowed to
8 go higher?

9 MR. LAKE: Yes, ma'am.

10 CHAIRMAN IGNATIUS: All right. So, do
11 you have a question about that or just that's your reason
12 that you don't support the Settlement Agreement, which I
13 understand?

14 MR. LAKE: That's one of the reasons I
15 don't support the Settlement Agreement.

16 CHAIRMAN IGNATIUS: Okay. Okay. I'm
17 just trying -- we need to get done with your questioning.
18 So, what else do you have as a question to the witnesses?

19 MR. LAKE: You'll have to give me a
20 little time, I'm an old man. I'm sorry.

21 CHAIRMAN IGNATIUS: No, you're doing
22 fine. I just -- we're going to finish the questioning,
23 then we're going to have a chance for people to make
24 closing arguments, explaining whether the Settlement

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1 Agreement is appropriate or not, and you'll be able to
2 make your argument then.

3 MR. LAKE: My Exhibit 10, "Department of
4 Environmental Service has received the results of your
5 recent round of lead and copper samples. The 90th
6 percentile values are as follows: Lead = 57 parts per b",
7 "billion", I guess, "Copper = .505 parts per million.
8 These results show that the subject water system has
9 exceeded the action level of 15 parts per billion for lead
10 at the 90th percentile. As a result the following steps
11 need to be taken:" This goes back to August 23rd, 2006.
12 I realize it's old, but this is the facts. And, I'd like
13 to see, that's the reason why I asked for the four test
14 results from those quarterly after the new well was
15 drilled. The young lady that was in charge stated they
16 had to take those four tests. And, I believe that I'm
17 entitled to see the results. I'm a user of the water
18 system. They have a fiduciary duty to furnish good water.

19 CHAIRMAN IGNATIUS: Then, let's -- we've
20 been around and around and around this. So, let's see if
21 we can close it out with a request to the Company to
22 locate the test results after the well was deepened, and
23 make copies available to Mr. Lake. Can you do that?

24 WITNESS SULLIVAN: I'll certainly see if

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1 we can get the information together. And, again, the
2 information would have been sent out in the consumer
3 confidence report that year. So, it's information we've
4 already provided. But, to get the specifics, I certainly
5 will try to get that.

6 CHAIRMAN IGNATIUS: Thank you.

7 **(Exhibit 12 reserved)**

8 CHAIRMAN IGNATIUS: Why don't we --

9 MR. LAKE: I still have a few more,
10 ma'am.

11 CHAIRMAN IGNATIUS: That's fine. All
12 right. Yes, Mr. Lake. Go ahead.

13 MR. LAKE: This is a May 19, 2008, my
14 Exhibit 5, this is from the DES: "Population served: 118
15 Service Connections: 47." I realize this is old, but,
16 you know, the information is ongoing, it's there. Every
17 time I turn around and get one of these things, here's
18 this letter April 24th, 2009. Subject: The mapping of
19 the water system, April 24, 2009. That's three years ago,
20 on April 24th, 2012, and still no plans. They have them
21 on a deficiency list.

22 And, this is a letter received 2/27 from
23 Dave Kelly, showing 47 connections for 118. I say it's
24 there, these people know it's there, and DES knows it's

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1 there. And, I'll be happy to leave a copy of this for the
2 Commission.

3 CHAIRMAN IGNATIUS: I guess I'm not
4 understanding what -- I think Mr. Sullivan agrees with you
5 that the permit allows 47 connections. Not that there are
6 47 connections, but that's the maximum under the permit.
7 So, I don't think that's an issue in dispute.

8 MR. LAKE: "Richard Lake, from Dave
9 Kelly, Environmental Services, 2/27/13, DES Drinking
10 Water, copy of PWS." And, then, he told me that he
11 circled the number of units that are connected. That's
12 what he told me, "connected". He didn't say "allowed", he
13 said "connected".

14 CHAIRMAN IGNATIUS: What's your next
15 area of inquiry?

16 MR. LAKE: And, I oppose this so-called
17 "Management Agreement", you know.

18 CHAIRMAN IGNATIUS: You'll get a chance
19 to argue it. I just -- if you have a question first, and,
20 if not, when we're done with questioning, we'll let the
21 witnesses get off the stand, and then everyone gets a
22 chance to argue whether these things should be approved or
23 not, all right?

24 MR. LAKE: Thank you, ma'am. This has

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1 to do again with the lead and copper, and the DES
2 submitted a list of what they had to do to protect the
3 users of this water system. I'll be happy to submit this
4 as my "Exhibit 1".

5 CHAIRMAN IGNATIUS: All right. Why
6 don't we mark it just in the next number, which would be
7 12?

8 MS. DENO: Did you use the 12 for the
9 record request for DES water quality?

10 CHAIRMAN IGNATIUS: All right. Sounds
11 like we've used number 12. So, 13?

12 MS. DENO: Yes.

13 CHAIRMAN IGNATIUS: All right. Thank
14 you.

15 (The document, as described, was
16 herewith marked as **Exhibit 13** for
17 identification.)

18 CHAIRMAN IGNATIUS: And, we'll make
19 copies for everyone if you didn't bring them, that's fine.
20 Why don't you, sir, why don't you bring that one up, or
21 maybe, Ms. Brown, do you want to grab that, let it get
22 marked, and then we'll make copies, but at another time.

23 MR. LAKE: Thank you.

24 (Atty. Brown distributing documents.)

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1 MR. LAKE: And, as you suggested before,
2 ma'am, I rejected this Settlement Agreement and
3 Stipulation for one of the reasons was the Affiliate
4 Agreement between Atlantic Operating Management and Ned
5 [Nate?] Sullivan. You know, that's like me putting a
6 five-dollar bill in my left pocket from my right pocket.
7 I'm not impressing anybody. And, you know, it's \$50 an
8 hour, and whatever his secretary is, I think they billed
9 over \$6,000 or \$8,000 for operating and management in the
10 Stipulated Agreement. And, I don't go along with that.

11 CHAIRMAN IGNATIUS: All right. You'll
12 have your chance to argue that. Is there any questions
13 about the Management Agreement you have?

14 MR. LAKE: Well, you said you wanted to
15 take it up later, I think.

16 CHAIRMAN IGNATIUS: Right. Just any
17 questions for the witnesses about it?

18 BY MR. LAKE:

19 Q. Nate Sullivan, what possessed you to -- who told you to
20 do this odd one-hand-feeds-the-other situation with
21 Atlantic Management? Was it St. Cyr? Your attorney?
22 Or, did you dream this up all by yourself?

23 A. (St. Cyr) I can comment on that. In the last rate
24 case, Nate and others were providing services to the

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1 water company and not being compensated for it. It was
2 an issue in the 2008 rate case. The resolution of that
3 issue was for the Company to prepare and submit a
4 Management Agreement. The Company did so. This is,
5 essentially, the continuation of the services that Nate
6 and a person provide for the water company.

7 Q. Well, how did we get this high cost that you people
8 were exposing -- are expounding here? I don't know
9 where it's listed, I know it was high.

10 CHAIRMAN IGNATIUS: Mr. Laflamme.

11 **BY THE WITNESS:**

12 A. (Laflamme) If I'd be permitted to clarify. Again, I'm
13 referring to the audit report that was done by the PUC
14 Staff. During the test year, the Management Agreement,
15 the hourly charge for Mr. Sullivan's service through
16 Atlantic Operating is \$50 per hour. The bookkeeping
17 services are charged out, again to Atlantic Operating,
18 at \$15 per hour. During the test year, the amount for
19 the owner's hours was \$3,958 for the entire year, and
20 the bookkeeping hours during the test year was \$608.

21 CHAIRMAN IGNATIUS: And, Mr. Laflamme --

22 WITNESS ST. CYR: And, if I can just add
23 to that?

24 CHAIRMAN IGNATIUS: Go ahead.

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[WITNESSES: St. Cyr|Laflamme|Sullivan]

1 WITNESS ST. CYR: The bookkeeper's hours
2 I believe were paid, the management hours were not paid.
3 There is still an amount that the water company owes
4 Atlantic Management for the services that Nate provided.

5 BY CHAIRMAN IGNATIUS:

6 Q. And, are affiliate agreements, such as this, required
7 to be reviewed by the Commission?

8 A. (St. Cyr) Yes.

9 Q. And, is it unusual to have this sort of agreement or do
10 you see them in a number of companies?

11 A. (Laflamme) I see them in a number of companies, yes.

12 CHAIRMAN IGNATIUS: Thank you.

13 Commissioner Harrington, you had a question?

14 CMSR. HARRINGTON: Yes. Mr. Lake, on
15 your Exhibit 13, which is your notice from the Department
16 of Environmental Services, a couple of things about this I
17 just can't seem to quite fathom. One, it lists "Michael
18 Nolin" as the "Commissioner", which means it's fairly
19 dated. Two, it just says "Dear Owner/Operator", I don't
20 see the name of the water company on here anywhere. It's
21 not signed by anybody, and it doesn't have a date on it.
22 It almost appears that this is like a generic letter that
23 DES drafted up to deal with water companies who exceed
24 results. But is there something on here that talks about

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1 that?

2 MR. LAKE: You'll have to give me a
3 minute to find it, sir.

4 CMSR. HARRINGTON: Okay. That was the
5 Exhibit Number -- oh, it's on the second part, okay. So
6 it is on there. But can you -- I'm trying to get the
7 relationship between these two things. The first letter
8 talks about -- or the cover letter, I don't know what you
9 want to call it, there's no mention of the name of the
10 company on it or anything, and then the attached "Lead in
11 your water" does mention, it mentions "The United States
12 Environmental Protection Agency and the Forest Edge Water
13 System", which appears to be a notice that has to be sent
14 to the people, is that the deal?

15 MS. BROWN: Commissioner Harrington, I
16 did notice, on Page 2 of Exhibit 13, there are dates from
17 2006 and 2007. So, I'm assuming that this document is
18 from that time period.

19 CMSR. HARRINGTON: And, I guess my
20 question would be then, given that this was done in
21 2006/2007, apparently, it was -- I won't ask Mr. Sullivan,
22 because it was before he was involved in the Company, it
23 sounds like, was this question -- was this issue fixed to
24 your knowledge, Mr. Lake? Has there been another notice

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1 since sometime in 2006 saying that the lead problems still
2 exist?

3 MR. LAKE: As far as I know, yes, sir.

4 CMSR. HARRINGTON: As far as you know
5 what? Do you have another letter like this that's dated
6 later than 2006?

7 MR. LAKE: There's a letter,
8 February 19, 2008, F.X. Lyons to Leah McKenna, DES. "This
9 letter is in response to your LOD...Forest Edge" name and
10 the number "051206". "F.X. Lyons has been collecting
11 water...that can be used to determine the proper treatment
12 system for Forest Edge. The data is attached for your
13 information. The results indicate pH is nearly neutral.
14 We need to determine if the alkalinity is buffering the pH
15 to an acidic level or if the household plumbing is causing
16 the high levels of lead." So, we've had this as an
17 ongoing problem. Nobody has corrected it. I'll be happy
18 to --

19 CMSR. HARRINGTON: Excuse me, what are
20 you reading from there, sir?

21 MR. LAKE: This is a letter from F.X.
22 Lyons, to Leah, L-e-a-h, M-c, Kenna, at Department of
23 Environmental Service, "DW&GB", whatever that is, Hazen
24 Drive, Concord, regards "LOD DWGB 07-096".

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1 CMSR. HARRINGTON: And, that is dated?

2 MR. LAKE: February 19, 2008.

3 CMSR. HARRINGTON: Okay. Now, do we
4 have anything that shows -- do you have anything that
5 shows or any knowledge that shows that the Company isn't
6 -- the water that's being supplied is exceeding the action
7 level for lead at the present time?

8 MR. LAKE: No, sir. I haven't received
9 the four quarterly reports from the new well.

10 CMSR. HARRINGTON: Okay. So, you don't
11 have anything that shows that they're exceeding lead at
12 this time. So, maybe Mr. Sullivan could address the issue
13 then.

14 MR. LAKE: You know, I've been through a
15 thousand documents, sir, and I'm sorry, I'm tired. I
16 probably do, but I can't pick it out of the air here right
17 now.

18 BY CMSR. HARRINGTON:

19 Q. Okay. Mr. Sullivan, you've been involved in this,
20 what, two years?

21 A. (Sullivan) Since '07, the spring.

22 Q. Okay. So, were you involved at the time when this
23 letter was sent saying it exceeded the action level for
24 lead?

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1 A. (Sullivan) The '06 letter?

2 Q. Yes.

3 A. (Sullivan) No.

4 Q. And, subsequent to this, are you aware of any
5 violations now at that -- I guess it's really not, it's
6 just an action letter, where it doesn't appear from
7 reading this that you have to do much more than notify
8 the customers, correct?

9 A. (Sullivan) Correct.

10 Q. Is this action level still in effect today?

11 A. (Sullivan) Not that I'm aware of. Not that I'm aware
12 of. Again, this was one of the issues with the wells,
13 was the redrilling of the wells to get a better water.
14 We were missing on multiple, because of the change in
15 mandates. So, my understanding is the only thing we
16 didn't fix completely was the fluoride, and that's why
17 we keep the two wells to mix it to try to keep the
18 fluoride lower as well.

19 Q. So, this is -- excuse me, go ahead.

20 A. (Sullivan) No, I'm sorry.

21 Q. This letter then addresses the water that would have
22 come out of the shallower well before it was made
23 deeper?

24 A. (Sullivan) Correct.

[WITNESSES: St. Cyr|Laflamme|Sullivan]

1 CMSR. HARRINGTON: Okay. Thank you.

2 MR. LAKE: I'm sorry, sir. This was a
3 year or so after the well was deepened. The well was
4 deepened in 2007. This letter was 2008. And, I don't
5 have results of the four quarterly tests. And, I do have
6 some other --

7 CMSR. HARRINGTON: I was referring to
8 your Exhibit 13, which must have been sometime in 2006,
9 because it says you have to send this thing to a
10 customer's home by "October 31st, 2006".

11 CHAIRMAN IGNATIUS: And, we've asked for
12 a copy of those tests that were done after the well was
13 deepened to be made available to you. So, any other
14 questions?

15 BY MR. LAKE:

16 Q. Mr. Sullivan, have you been negotiating with Pennichuck
17 to sell the water company to them?

18 A. (Sullivan) Not recently.

19 Q. What were the result of those negotiations?

20 CHAIRMAN IGNATIUS: And, again, why is
21 that relevant to the rate case, Mr. Lake?

22 MR. LAKE: Well, if they were to buy it,
23 our rates would probably go to \$1,260, like the rest of
24 Birch Hill. And, I don't think that he has the right to

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1 sell it to outside companies, when he has 47 customers
2 that might wish to buy it. I think that it should be
3 understood that the users, the ones that pay the bills,
4 must have the first right of refusal on this water
5 company. But nobody is going to buy it when they don't
6 have any easements over any of the -- over or under any of
7 the land.

8 CHAIRMAN IGNATIUS: You know what I
9 would suggest, Mr. Lake, is, if you think there is serious
10 interest on the part of the homeowners, at any point to
11 purchase the system, make that known to the Company, so
12 that they -- so they know that's, you know, a possibility,
13 if, in fact, they're thinking of selling. But it seems to
14 me you're getting pretty far afield from this case. So --

15 MR. LAKE: Well, we have another letter
16 here from the DES talking about where a young man here
17 named Nate Sullivan wants to bottle water in his garage.
18 One, it's not allowed by zoning. And, you think the
19 citizens there, 47 people that pay their water bills, are
20 going to allow tanker trucks to come in and out or
21 delivery trucks? You know, you have to --

22 CHAIRMAN IGNATIUS: Mr. Lake, I don't --
23 that's not what we're talking about today. And, if you
24 have a reason to have issue with something that

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1 Mr. Sullivan may be doing, that's fine for you to pursue,
2 but not in a rate case. That's just not what we're doing
3 here.

4 MR. LAKE: Well, I hate to take this to
5 court, but, you know, when a ton of lead has fallen on
6 you, I guess you've got to do what you got to do. I
7 thought we could work this out somehow. I asked for an
8 extension here, a continuation. You know, I haven't even
9 gone through, you noticed five or six issues on their
10 answers, and I don't even know where I am on that.

11 CHAIRMAN IGNATIUS: Well, we're going to
12 run out of time. So, I need you to really focus on the
13 remaining questions to the Company. Not telling me what
14 you think about it, not arguing about it, which a lot of
15 this time has been spent --

16 MR. LAKE: I understand.

17 CHAIRMAN IGNATIUS: -- with you telling
18 me your personal view. We want to get questions to the
19 witnesses and their answers. And, to the extent we have
20 time for arguments, we take that up, and then the
21 Commissioners make a determination. So, please, focus
22 questions you have to the witnesses.

23 MR. LAKE: Well, in respect to the
24 Commissioners and the other members, I guess you all

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1 understand what I'm talking about. I'm talking about
2 fairness. They have a fiduciary duty to the customers to
3 take care of the customers with adequate and good quality
4 drinking water. It hasn't been done.

5 CHAIRMAN IGNATIUS: All right. Can we
6 -- any further questions to the witnesses? And, if not,
7 then we'll move to closing arguments for and against the
8 Settlement Agreement.

9 MR. LAKE: No. I think that I ought to,
10 you know, cut my losses and run, but I'm not going to do
11 that. I think I've presented some strong arguments, maybe
12 some poor arguments. So, I'll allow it to be ceased.
13 And, I'll send some exhibits that I've said I would send.
14 I'll send them to Marcia Brown, and I'm sure she'll get
15 them to the Commission.

16 CHAIRMAN IGNATIUS: All right. Thank
17 you. Any redirect, Ms. Brown?

18 MS. BROWN: Staff has no redirect for
19 Mr. Laflamme. But, considering the Company's -- both of
20 them are up there, I guess I would just lob a question to
21 them, if you had direct or redirect, do you have other
22 comments to make?

23 WITNESS ST. CYR: We have nothing
24 further to say.

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1 CHAIRMAN IGNATIUS: All right.

2 MS. BROWN: Thank you.

3 CHAIRMAN IGNATIUS: Okay. The three of
4 you are excused. Thank you. So, we, as promised, we are
5 going to move to time for closing argument. One moment
6 off the record.

7 (Brief off-the-record discussion
8 ensued.)

9 CHAIRMAN IGNATIUS: We're on the record.
10 We're going to give the court reporter a quick break.
11 It's 3:00 now. At 3:15, fifteen minutes from now, we will
12 resume. The order for presenting arguments --

13 (Chairman and Commissioners conferring.)

14 CHAIRMAN IGNATIUS: We're just trying to
15 figure out what the best order is to do. I think what
16 we'll do is first have arguments in favor or opposed to
17 the Settlement Agreement, starting with the Staff, and
18 then the Company -- no, I'm sorry, the Staff, then
19 Mr. Lake, and then the Company. All right.

20 MS. BROWN: I don't know that the order
21 makes a difference, because Staff doesn't have any formal
22 closing. We've gotten our position out through the direct
23 with the Stipulation. Thank you.

24 CHAIRMAN IGNATIUS: All right. Then,

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1 why don't we have Mr. Lake go first, and then the Company,
2 because you bear the burden of proof, we'll always give
3 you the last shot. So, we'll do it that way. So, when we
4 resume at 3:15, Mr. Lake, you can make your arguments, and
5 then the Company will, and that will be it for the day.
6 All right? Thank you. So, we'll resume in fifteen, at
7 3:15.

8 (Whereupon a recess was taken at 3:03
9 p.m. and the hearing resumed at 3:25
10 p.m.)

11 CHAIRMAN IGNATIUS: We're back on the
12 record. And, I want to apologize, we're a bit late.
13 We're trying to juggle an awful lot of different things at
14 once this afternoon. So, thank you for being patient with
15 us. It's 3:25. So, we're going to begin again. And,
16 we've got time for people to make any arguments that they
17 want to make. And, if you've already said what you feel
18 you need to say, don't feel you need to say it again on
19 anyone's part. But, Mr. Lake, we'll begin with you. I
20 understand you're not supportive of the Settlement
21 Agreement and the Management Agreement, and you've told us
22 a number of reasons why. If there are other things you
23 want to bring to our attention or sum it up or anything
24 like that, please go ahead.

1 MR. LAKE: Thank you. Well, the first
2 thing on the Stipulation Agreement, I would ask, if you do
3 proceed with this, that you strike out, on Paragraph I.A,
4 "Robert DeFeyter and Mr. Richard Lake, jointly", I don't
5 want Mr. deFeyter to be annoyed, there's no need to put
6 that "jointly" in there and I would like to strike it out.
7 A simple request.

8 CHAIRMAN IGNATIUS: Yes. Thank you.
9 And, for some reason, there was a misunderstanding, I
10 guess, about your status. So, that's a good catch. Go
11 ahead.

12 CMSR. HARRINGTON: Just so I'm sure, you
13 want your name stricken out, as well as "jointly"?
14 Because you're not --

15 MR. LAKE: No, just the word "jointly".

16 CHAIRMAN IGNATIUS: We want to make
17 sure, it right now reads that you're joining the
18 Settlement, and we don't want that. So, we'll make
19 clear --

20 MR. LAKE: Well, I'm an intervenor, and,
21 for cause, I object to it.

22 CHAIRMAN IGNATIUS: Yes.

23 MR. LAKE: Okay.

24 CHAIRMAN IGNATIUS: We understand.

1 Thank you. That's a good catch.

2 MR. LAKE: And, I also object to they
3 running this as a five quarter thing, I never heard of
4 "five quarters". There's four quarters in a year. I
5 don't know, you pick up a quarter from 2011, and you add a
6 quarter for 2013, it's beyond me. Two and two is always
7 four.

8 CHAIRMAN IGNATIUS: That is a standard
9 ratemaking practice that the Commission employs. But I
10 understand if you're not -- if you don't think that that's
11 a good approach.

12 MR. LAKE: Now, we're talking about
13 increasing our rate by 30 something dollars, up to
14 \$146.68. I know it's been reviewed and everything, but
15 I'm not in agreement. They put in, what was it, \$6,000
16 O&M for Atlantic Management; ridiculous. I oppose it. I
17 don't think it went near earning it.

18 And, I suppose that I've cost all the
19 other parties money in rate case expenses. But, however,
20 that's how I feel. I'm not happy with it. I'm not happy
21 with the Affiliate Agreement, as I've said before.

22 And, I'd be happy to give you this,
23 where I "rejected for cause, Richard A. Lake", and I
24 signed it and dated it. If that will make any difference

1 to you, I'll be happy to leave it with you.

2 CHAIRMAN IGNATIUS: I'm sorry, help me
3 understand. Did you say you have something written that
4 you're opposing? I just didn't follow what you just said.

5 MS. BROWN: If I can clarify, there were
6 a series of documents that Mr. Lake had us photocopy prior
7 to the beginning of the hearing, and one of them was a
8 marked up version of the Settlement Agreement to reaffirm
9 his objection to it. But I think we already have on the
10 record his objection noted. So, even though we have a
11 signature line inadvertently retained in the Settlement
12 Agreement, I think it's pretty clear that he is not
13 joining in that agreement, and we don't need another
14 version. But that's just Staff's argument.

15 CHAIRMAN IGNATIUS: Okay.

16 MR. LAKE: No, I'm just happy to give
17 you my signature rejecting this.

18 CHAIRMAN IGNATIUS: That's all right. I
19 think it's quite clear that you're not supporting it. We
20 don't need it in writing.

21 MR. LAKE: All right. And, I thank the
22 Commission for their patience. But I think you understand
23 that I'm not an attorney, and I got this, I think it was
24 on the 25th or 6th [26th], and I've tried to study it and

1 catch up to it.

2 Well, I also am going to oppose the
3 additional costs that come after this, surcharges and
4 whatever else they can dream up. I suppose it's included
5 in this. But I'm getting to the point that I can't afford
6 this high-class operation.

7 CHAIRMAN IGNATIUS: Let me, just so that
8 you know, because you don't routinely get involved in
9 these cases, what was referenced in the document and on
10 the stand today of the two things that are yet to come in
11 the next week or two, are a proposal for rate case
12 expenses, those are the costs that were incurred just
13 specifically for the rate case, and then also a proposal
14 for a surcharge of any difference between the amount
15 collected in temporary rates and the amount ultimately
16 approved. And, how, if the new rates are approved, and
17 that difference is calculated, how long it would take to
18 collect that, and sometimes companies propose it over 12
19 months, sometimes over 24 months, sometimes 48 months.
20 The Staff will review all of that. So, those are the --
21 when you say "the additional charges that might be cooked
22 up", those are very standard procedures in every case that
23 we then have to evaluate. And, that's under our standards
24 that the companies are entitled to earn and recover their

1 costs of doing business, after those costs have been
2 scrutinized and if they're found to be appropriate.

3 So, anything else that you wanted to
4 bring to us?

5 MR. LAKE: Well, the operating and
6 management cost is outlined here on Attachment B are
7 outrageous. "\$9,258"? You know, I don't mind paying my
8 fair share and an honest amount. But it's getting to the
9 point that us people living on Social Security can't come
10 close to affording what's going on here. There's got to
11 be a halt here somewhere.

12 I suppose next month, after they get
13 this approved or this approved, they will be in for
14 another rate case. So, where does it end? You know, we
15 live here because we wanted to live in quiet and peace.
16 It hasn't been that way. And, I think Nate Sullivan
17 understands that I'm unhappy. And, I don't ever want to
18 see him near my property. There is no easement in any
19 deed. They have a right to, I guess, you know, Joe
20 Sullivan quitclaimed the roads, but I own to the middle
21 line of the road. So, he can't quitclaim my share. They
22 put my water line or our water line in the wrong place,
23 and now I'm told I have to pay for it.

24 Well, I'm just, you know, unhappy. And,

1 I'm sure that you're going to find there's a lot of other
2 unhappy people when they start getting their bills that
3 they can't afford any more than my wife and I can.

4 And, I do hope that the Commission has
5 listened to some of my arguments or all of my arguments,
6 and that you'll arrive at a fair decision. I don't envy
7 your position behind the desk there, or what do they call
8 that?

9 MS. BROWN: Bench.

10 MR. LAKE: Bench, yes. Okay. So, I
11 thank you for the patience you've granted myself and my
12 wife. And, maybe you'll review this a little bit. And, I
13 do ask that you allow me to send my exhibits, as we
14 suggested before, and that you'll at least read them.

15 CHAIRMAN IGNATIUS: All right. Why
16 don't we -- we need to set a date that things will come
17 in. Mr. Lake, how quickly do you think you could get the
18 remaining pieces of paper that you would offer to submit
19 to us?

20 MR. LAKE: I'll have it in the mail,
21 what's today? Thursday? I'll have them in the mail next
22 Tuesday at the latest.

23 CHAIRMAN IGNATIUS: All right. And, if
24 you sent it to --

1 MR. LAKE: Marcia.

2 CHAIRMAN IGNATIUS: -- Ms. Brown, she
3 could make sure that copies get to everyone. Is that
4 acceptable, Ms. Brown?

5 MS. BROWN: Staff will do that, yes.

6 CHAIRMAN IGNATIUS: Thank you. I
7 appreciate that. We also need to be certain of a date for
8 the comments on the Affiliate Agreement that we talked
9 about, letting people review the final, am I getting my
10 issues right, review the final comment -- draft and make
11 comments?

12 MS. BROWN: I think it was the tariff,
13 rather than the Affiliate Agreement.

14 CHAIRMAN IGNATIUS: Oh, you're right.
15 You're right. It was the tariff, which we have not yet
16 seen.

17 MS. BROWN: If I could take a moment to
18 talk to Mr. Lake about these exhibits? Because we did
19 make -- Staff did make a number of photocopies, and, to
20 the extent they're already here, I'd like to at least
21 distribute those now. But that's something that Mr. Lake
22 and I can talk about offline.

23 CHAIRMAN IGNATIUS: Okay. That's fine.
24 Thank you. Anything else sir?

1 MR. LAKE: No. I think we've pretty
2 well covered it. You understand my wife and my position.
3 And, Mr. Sullivan there and his employees must understand
4 they are not to intrude or step foot on my property. They
5 do not have any rights or easements. And, if you come up
6 with a agreement as to what it's going to cost me, and I
7 pay the bill, that's all I ever want to see or hear of
8 him.

9 CHAIRMAN IGNATIUS: All right. Thank
10 you for your participation.

11 MR. LAKE: Thank you.

12 CHAIRMAN IGNATIUS: Mr. St. Cyr, any
13 closing arguments?

14 MR. ST. CYR: Just briefly. The Company
15 is in compliance with federal and state -- I'm sorry.
16 Just briefly. The Company is in compliance with federal
17 and state regulations. It has no outstanding issues with
18 DES, specifically related to water quality, water
19 pressure, source of supply. It's rate base that's
20 incorporated in the Stipulation Agreement is in service,
21 providing service to customers. Its books and records
22 have been reviewed and audited by the PUC Audit Staff.
23 There are no outstanding issues as a result of that audit.

24 The stipulated terms are just and

1 reasonable. The Company supports them and respectfully
2 requests that you approve that. I would also point out
3 that the one other customer, who was an intervenor, you
4 know, has signed onto the Agreement. And, you know, we
5 appreciate his support of the Agreement as well. Thank
6 you.

7 CHAIRMAN IGNATIUS: Do we have a signed
8 signature from Mr. deFeyter?

9 MS. BROWN: Yes. When Staff introduced
10 the version of the Stipulation Agreement today, it did not
11 have the cover letter, but it had the signature page from
12 Mr. deFeyter and sequential numbering.

13 CHAIRMAN IGNATIUS: All right. Thank
14 you. And, what would a date for the tariff be for the
15 finalized version of the tariff to be submitted?

16 MR. ST. CYR: The Company has provided
17 it to Staff, and is expecting Staff to review and provide
18 any comments. And, we would anticipate that, you know,
19 any comments that they have we would adjust and
20 incorporate into it. So, we would wait -- we'll take, you
21 know, whatever Staff's comments are, and then file it.

22 MS. BROWN: I think I, during the
23 hearing, we reserved an exhibit for this redline version.
24 As far as the timing, Staff was not thinking it would have

1 a first bite at the apple versus other intervenors, but
2 that, you know, certainly Staff will communicate its
3 concerns or *etcetera* with the Company. But that, once it
4 is filed, that comment be opened to all intervenors on the
5 tariff. So, whether that's ten days from now, I forgot
6 what Mr. St. Cyr proposed for a deadline.

7 MR. ST. CYR: A week's good. Seven
8 days.

9 CHAIRMAN IGNATIUS: All right. So, the
10 Company would submit it to everyone in the docket,
11 everyone would then have an opportunity to comment. Is a
12 week of comment period sufficient?

13 MS. BROWN: For Staff, it is, yes. I
14 don't know about Mr. Lake, because he doesn't have e-mail,
15 he only -- he has mail.

16 MR. LAKE: Well, I would appreciate two
17 weeks then.

18 CHAIRMAN IGNATIUS: All right. Let's do
19 that.

20 CMSR. HARRINGTON: Just so I'm not
21 confused. The Company will be formally submitting or
22 circulating the tariff in a week, and then there will be
23 two weeks of comments?

24 CHAIRMAN IGNATIUS: And, I think, if,

1 you know, the Company has experienced willingness to make
2 adjustments, if Staff does have concerns. If you know
3 anything now, the next day or two, before they send it
4 out, why not get ahead of the game, but you still would
5 have an opportunity to comment, as do all parties, on the
6 draft that's submitted.

7 MS. BROWN: Yes.

8 CHAIRMAN IGNATIUS: All right. Thank
9 you. Staff, any further comments, a closing statement
10 from Staff?

11 MS. BROWN: The Staff has nothing
12 further to add. Thank you very much.

13 CHAIRMAN IGNATIUS: All right. And,
14 procedurally, any loose ends that I've forgotten about?
15 There probably are.

16 (Brief comment by the court reporter.)

17 CHAIRMAN IGNATIUS: The court reporter
18 is good to remind me that the identification on all of the
19 exhibits should be stricken, unless there's any objection.
20 Is there anyone objecting to any of the exhibits not being
21 made full exhibits?

22 MS. BROWN: No objection.

23 MR. ST. CYR: The Company has no
24 objections.

1 CHAIRMAN IGNATIUS: All right. So, what
2 we've marked along the way will become permanent exhibits
3 to the file. And, we've reserved a couple of numbers for
4 things that are yet to come. And, we've talked about
5 dates for those.

6 So, I think, unless there's anything
7 else, we are -- we have concluded the evidentiary phase.
8 What we will then do is review all of the -- not only the
9 materials that have already been submitted, but the
10 documents that are still to come, and take all of this
11 under advisement. We will issue a written order with our
12 determination of the various issues that are raised here.

13 And, I appreciate everybody's time and
14 patience getting through it today. And, your
15 participation, it helps us to understand the full scope of
16 what's going on. So, thank you. We're adjourned.

17 (Whereupon the hearing ended at 3:46
18 p.m.)

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