

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

September 27, 2017 - 1:32 p.m.  
Concord, New Hampshire

RE: DW 17-103  
WEST SWANZEY WATER COMPANY:  
Request for Change in Rates.  
(Prehearing conference)

**PRESENT:** F. Anne Ross, Esq., General Counsel  
(Presiding as Hearings Examiner)

Clare Howard-Pike, Clerk

**APPEARANCES:** Reptg. West Swanze Water Company:  
Stephen P. St. Cyr  
Sally Brown, Owner & Operator

Reptg. PUC Staff:  
John Clifford, Esq.  
Mark Naylor, Director/Gas & Water Div.  
Robyn Descoteau, Gas & Water Division

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

**CERTIFIED  
ORIGINAL TRANSCRIPT**

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

HEARINGS EXAMINER ROSS: Good

afternoon. I am Anne Ross, General Counsel at the Public Utilities Commission. I will be presiding as the Hearings Examiner this afternoon at this prehearing conference. We are in West Swanzey Company, Docket DW 17-103. West Swanzey is a New Hampshire corporation, a regulated water utility that provides service to approximately 84 customers in the Town of Swanzey. The Company has filed a Petition for a permanent rate increase. And we are here today to begin that proceeding.

Let's begin by -- was the affidavit of publication filed for this Order of Notice?

MR. ST. CYR: Yes, it was.

HEARINGS EXAMINER ROSS: Okay. Is there a -- an affidavit has been provided to Clerk then? Thank you.

We'll begin by taking appearances.

MR. ST. CYR: Good afternoon. My name is Steve St. Cyr, and with me is Sally Brown, the owner and operator of West Swanzey Water Company.

1 HEARINGS EXAMINER ROSS: Thank you.

2 MR. CLIFFORD: And I'm John Clifford,  
3 Staff Attorney for the Public Utilities  
4 Commission. At counsel's table is Mr. Mark  
5 Naylor, Director of the Commission's Gas &  
6 Water Division, and Robyn Descoteau, Staff  
7 Analyst.

8 HEARINGS EXAMINER ROSS: Thank you.

9 MR. CLIFFORD: Thank you.

10 HEARINGS EXAMINER ROSS: I noticed a  
11 letter from a consumer. Have we had any  
12 intervenors in this docket?

13 MR. CLIFFORD: And I checked just  
14 prior to this prehearing conference to  
15 ascertain whether there had been any  
16 interventions filed. And, as of yet, there  
17 have been.

18 HEARINGS EXAMINER ROSS: Okay. The  
19 letter was from a customer, Christine  
20 Gallagher.

21 MR. CLIFFORD: That's correct.

22 HEARINGS EXAMINER ROSS: It's dated  
23 September 19th.

24 MR. ST. CYR: The Company hasn't seen

1 the letter.

2 HEARINGS EXAMINER ROSS: Okay. We  
3 can get a copy to you after the hearing.

4 MR. ST. CYR: Great. Thank you.

5 HEARINGS EXAMINER ROSS: All right.  
6 We've taken appearances. Are there any  
7 procedural matters that need to be dealt with  
8 this morning, before we go to parties'  
9 positions?

10 MR. ST. CYR: No.

11 MR. CLIFFORD: None from staff.

12 HEARINGS EXAMINER ROSS: Okay. Let's  
13 take initial positions then.

14 MR. ST. CYR: Great. Thank you. So,  
15 West Swanzey is a small water company that  
16 provides water service to 84 customers. It has  
17 three wells, two pump stations, approximately  
18 8,700 feet of mains, in both non-fire and fire  
19 services, and 83 meters.

20 In 2016, the Company had revenues of  
21 approximately 70,000, operating expenses of  
22 approximately 84,000, and interest expenses of  
23 approximately 6,000, resulting in a net loss of  
24 20,235. The net loss was due primarily to a

1 decrease in revenue and an increase in  
2 operating expenses. The increase in operating  
3 expenses was largely due to a change in  
4 operators.

5 HEARINGS EXAMINER ROSS: And why was  
6 it a decrease in revenues in 2016?

7 MR. ST. CYR: And that's a decrease  
8 relative to 2015. And, in 2015, the Company  
9 was allowed to recover revenue associated with  
10 a step adjustment. And those revenues existed  
11 in 2015, but not in 2016.

12 The Company's rate filing adjusts  
13 revenues so that the Company can earn its  
14 actual rate of return of 5.05 percent on its  
15 actual five-quarter average rate base of  
16 \$344,831. The Company made only two minor  
17 adjustments to rate base. The Company made no  
18 adjustments to its rate of return. If the  
19 Commission approves the rate filing as  
20 submitted, revenues would increase \$39,872, or  
21 approximately 54 percent.

22 The Company is also proposing a step  
23 increase for some additions to plant. Those  
24 additions include two VFDs and some SCADA

1 equipment. And the sum of those amounts would  
2 result in an increase of an additional 2,800 --  
3 I'm sorry, \$2,989, or approximately 3 percent.

4 The Company's looking forward to  
5 working with Staff. It anticipates being able  
6 to resolve any issues that may arise out of the  
7 proceeding. It ultimately expects that the  
8 Company will be able to reach a settlement with  
9 Staff that will be presented to the Commission  
10 for approval.

11 Thank you.

12 HEARINGS EXAMINER ROSS: Thank you.

13 MR. CLIFFORD: Thank you. Staff has  
14 reviewed the filings. We do have some concerns  
15 about the magnitude of the requested rate  
16 increase of \$39,872, as Mr. St. Cyr just  
17 described. It's been described in the Petition  
18 as "57 percent", and just recently, today, it's  
19 "54". So, we want to explore this a little  
20 further in a water system of slightly under 100  
21 customers, as well as the proposed step  
22 increase of approximately \$3,000.

23 We are aware, however, that this  
24 Company has not filed a general rate

1       increase -- or, excuse me, has not filed a  
2       request for a general rate -- general increase  
3       in rates since 2011. And, since that time,  
4       there have been attendant increases in costs  
5       and expenses, including the property taxes.

6               So, we do want to explore the  
7       decrease in water revenue described by Mr. St.  
8       Cyr and the Company, and as well as the  
9       increase in expenses. And we are meeting in a  
10      technical session following this prehearing  
11      conference, and we will obviously have some  
12      discovery questions of our own for the Company.

13             And we do look forward to working  
14      with the Company to get a better understanding  
15      of its need for such a large rate increase, and  
16      explore the options for a potential settlement  
17      in this matter.

18             And the Staff takes no concrete  
19      position at this time. We'd like to explore,  
20      through the discovery process, a little bit  
21      more of the need for this increase.

22             HEARINGS EXAMINER ROSS: Thank you.  
23      I assume that, when we close the prehearing  
24      conference, the parties have planned on meeting



1 in a technical session. Will you be developing  
2 a procedural schedule for the docket during  
3 that discussion?

4 MR. CLIFFORD: On behalf of Staff, I  
5 can say we do. We've already received a brief  
6 outline of a proposed schedule from the  
7 Company. So, we're already well on our way to  
8 try to resolve this docket as quickly as  
9 possible, because we are cognizant of the need  
10 to try to get this done before the end of the  
11 year, which is the Company's request, if we  
12 could do so.

13 HEARINGS EXAMINER ROSS: Okay. Thank  
14 you. In that case, I think there will be very  
15 little for me to recommend in my report, except  
16 that I will wait to receive a proposed  
17 procedural schedule and forward that to the  
18 Commissioners for their approval.

19 MR. CLIFFORD: Yes. And I would -- I  
20 intend that we would have a -- we'll probably  
21 develop that procedural schedule this afternoon  
22 in our technical session, and submit a formal  
23 letter to the Executive Director.

24 HEARINGS EXAMINER ROSS: Thank you.

1 Are there any other matters that we should  
2 cover this morning -- afternoon, excuse me?

3 MR. ST. CYR: None from the Company.

4 MR. CLIFFORD: No. None from Staff's  
5 perspective.

6 HEARINGS EXAMINER ROSS: Thank you.  
7 Then, the prehearing conference is closed, and  
8 the parties can meet in a technical session.

9 Thank you.

10 MR. ST. CYR: Thank you.

11 MR. CLIFFORD: Thank you.

12 ***(Whereupon the prehearing***  
13 ***conference was adjourned at***  
14 ***1:40 p.m., and a technical***  
15 ***session was held thereafter.)***