

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

December 6, 2017 - 1:40 p.m.  
Concord, New Hampshire

2 JAN '18 PM4:03

RE: DW 17-103  
WEST SWANZEY WATER COMPANY:  
Request for Change in Rates.  
(Hearing on the merits)

**PRESENT:** Chairman Martin P. Honigberg, Presiding  
Commissioner Kathryn M. Bailey  
Commissioner Michael S. Giaimo

Sandy Deno, Clerk

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

Reptg. PUC Staff:  
Alexander F. Speidel, Esq.  
Jayson Laflamme, Gas & Water Division  
Robyn Descoteau, Gas & Water Division

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

**CERTIFIED  
ORIGINAL TRANSCRIPT**

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

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**CLOSING STATEMENTS BY:**

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**E X H I B I T S**

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
1	West Swanzey Water Company Rate filing, consisting of Report of Proposed Rate Changes, Proposed Tariff Pages, Direct Testimony of Stephen P. St. Cyr, Rate Case Exhibits, Step Increase Schedules, Proposed Statement to Customers, <i>et al</i> (07-21-17)	6
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**P R O C E E D I N G**

CHAIRMAN HONIGBERG: We're here this afternoon in Docket 17-103, which is West Swanzey Water Company's Petition for a Rate Increase. We're here for a hearing on the merits. We have a settlement in front of us.

Before we do anything else, let's take appearances.

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

CHAIRMAN HONIGBERG: Off the record.

*[Brief off-the-record discussion ensued.]*

MR. SPEIDEL: Hello. Good afternoon, Commissioners. Alexander Speidel, representing the Staff of the Commission. And I have with me Jayson Laflamme, a Utility Analyst of the Water Division, and Robyn Descoteau, Utility Analyst of the Water Division. And Robyn will be presenting testimony on behalf of Staff today.

And also as a courtesy to the

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1           Petitioner, I will also be introducing Mr. St.  
2           Cyr's testimony today.

3                   CHAIRMAN HONIGBERG: Thank you,  
4           Mr. Speidel.

5                   In looking through the file, I'm not  
6           aware of that there were any intervenors in  
7           this case. Is that right?

8                   MR. SPEIDEL: No. There was one  
9           public comment from the ratepayer, but nothing  
10          else, no.

11                   CHAIRMAN HONIGBERG: Right. And I'll  
12          note that we did receive a public comment from  
13          an individual named Christine Gallagher and we  
14          have that in the file. And we'll note it, as  
15          I've just done.

16                   Is there anything we need to do in  
17          the way of preliminary matters before the  
18          witnesses take the stand, Mr. Speidel?

19                   MR. SPEIDEL: Well, since these are  
20          prefiled materials, Staff would like to mark  
21          the Petition filed by the Company for a rate  
22          increase as hearing "Exhibit No. 1". And the  
23          Settlement Agreement filed by Staff, on 29  
24          November, AS hearing "Exhibit No. 2".

[WITNESS PANEL: St. Cyr|Descoteau]

1 (The documents, as described,  
2 were herewith marked as  
3 **Exhibit 1** and **Exhibit 2**,  
4 respectively, for  
5 identification.)

6 CHAIRMAN HONIGBERG: Anything else?

7 MR. SPEIDEL: I believe that's all,  
8 unless Mr. St. Cyr would like to add something?

9 MR. ST. CYR: We have nothing.

10 CHAIRMAN HONIGBERG: All right.

11 Then, why don't we have the witnesses take  
12 their places.

13 (Whereupon **Stephen P. St. Cyr**  
14 and **Robyn J. Descoteau** were duly  
15 sworn by the Court Reporter.)

16 CHAIRMAN HONIGBERG: Just hang on  
17 before you start.

18 Just before the questioning starts,  
19 I'll note for the record that there was an  
20 Affidavit of Publication filed on  
21 September 18th of 2017. Thank you.

22 Now, Mr. Speidel.

23 MR. SPEIDEL: Thank you.

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

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**ROBYN J. DESCOTEAU, SWORN**

**DIRECT EXAMINATION**

BY MR. SPEIDEL:

Q Mr. St. Cyr, I'll begin with you. Could you please state your full name for the record.

A (St. Cyr) My name is Stephen P. St. Cyr.

Q And could you describe your involvement with this docket.

A (St. Cyr) Yes. I prepared the initial Petition on behalf of the Company using the books and records of West Swanzey Water Company, and have worked with the Company in responding to data requests and in developing the Settlement Agreement that's ultimately being presented to the Commission today.

Q So, you are familiar with the document, the Settlement Agreement that's been marked as "Hearing Exhibit 2", is that correct?

A (St. Cyr) Yes, I am.

Q And you adopt the Settlement Agreement as something that you support on behalf of the Company, correct?

A (St. Cyr) That's correct.

Q Thank you very much. Ms. Descoteau, could you

1 please state your full name for the record.

2 A (Descoteau) Robert J. Descoteau.

3 Q And what is your employer and business address?

4 A (Descoteau) I'm employed by the New Hampshire  
5 PUC. And the business address is 21 South  
6 Fruit Street, Suite 10, Concord, New Hampshire.

7 Q What is your position at the New Hampshire  
8 Public Utilities Commission?

9 A (Descoteau) I'm a Utility Analyst in the Gas  
10 and Water Division.

11 Q Would you please describe your position and  
12 responsibilities at the Commission?

13 A (Descoteau) I'm responsible for the  
14 examination, evaluation and analysis of the  
15 rate and financing filings. This includes the  
16 recommendation of changes in revenue levels  
17 that conform with regulatory methodologies and  
18 proposals for economical, accounting and  
19 operational changes affecting the regulated  
20 utility revenue requirements. I also represent  
21 Staff in meetings with company officials,  
22 outside attorneys and accountants relative to  
23 the rate case and finance matters, as well as  
24 the Commission's rules, policies and



1 procedures.

2 Q What is your area of expertise?

3 A (Descoteau) Accounting and finance.

4 Q And do you consider the testimony you'll offer  
5 today to be within your area of expertise?

6 A (Descoteau) Yes, I do.

7 Q Could you please describe your involvement with  
8 the review proceeding for this docket?

9 *[Court reporter interruption.]*

10 **BY THE WITNESS:**

11 A (Descoteau) I reviewed the entire original  
12 filing, including testimony, testing the  
13 mathematical integrity of the filing, and I  
14 traced the filing to the Annual Report on file  
15 with the Commission. I reviewed the Annual  
16 **[Audit?]** Report prepared by the PUC Audit  
17 Staff. I asked discovery questions and I  
18 reviewed those responses. I participated in  
19 the settlement discussions and prepared the  
20 revenue requirement schedules for the  
21 Settlement Agreement.

22 BY MR. SPEIDEL:

23 Q Ms. Descoteau, are you aware of any corrections  
24 or changes that ought to be made to the

1 Settlement Agreement or its schedules?

2 A (Descoteau) No, I am not.

3 Q And I filed that Settlement Agreement at your  
4 direction, correct, as your attorney?

5 A (Descoteau) Yes, you did.

6 Q Thank you. Ms. Descoteau, turning to Bates  
7 Page 005, and also Bates Page 016, there are  
8 two revenue requirement tabulations presented.  
9 Could you please explain the revenue  
10 requirement that the Settling Parties are  
11 recommending?

12 A (Descoteau) The revenue requirement is the  
13 total amount of money a utility must collect  
14 from the customers to pay all the costs,  
15 including a reasonable rate on its investment.  
16 The recommended revenue requirement proposed  
17 for West Swanzey is \$96,379. This is based on  
18 a 2016 test year in which West Swanzey requires  
19 a revenue requirement of \$91,582, an increase  
20 of \$17,954, or a 24.38 percent increase over  
21 current rates, and a step adjustment based on  
22 estimated 2017 plant additions of \$4,797, or a  
23 5.24 percent increase over adjusted test year  
24 rates.

1 Q Thank you. Ms. Descoteau, could you please  
2 explain the attachments and the components of  
3 the proposed revenue requirement?

4 A (Descoteau) Attachment A contains all the  
5 schedules used to calculate the proposed  
6 permanent rate revenue requirement increase of  
7 \$17,954.

8 Attachment B contains the schedules used  
9 to calculate the proposed step adjustment  
10 revenue requirement of \$4,797 associated with  
11 the estimated 2017 plant additions.

12 Q What is the impact of the proposed stipulated  
13 increase on a typical residential customer  
14 billing?

15 A (Descoteau) A residential customer using  
16 9,100 gallons of water per quarter will see  
17 their water invoice increase from \$76 per  
18 quarter to approximately \$101 per quarter, or  
19 an increase of approximately \$25 per quarter.

20 Q What is the proposed rate of return for the  
21 permanent rates?

22 A (Descoteau) The proposed rate of return is  
23 5.06 percent. Please refer to Attachment A,  
24 Schedule 1a. That's on Page 6. This is

1       comprised of a weighted average long-term debt  
2       equaling 3.79 percent and common equity  
3       equaling 1.27 percent. The parties have agreed  
4       that for purposes of this Agreement the  
5       equivalent of a 9.6 percent rate of return, the  
6       ROE, is a reasonable number.

7   Q   Please explain Attachment A, Schedule 2,  
8       regarding the rate base, which is on Bates Page  
9       008.

10  A   (Descoteau) Attachment A, Schedule 2, shows the  
11       rate base as submitted in the initial filing  
12       and as reflected following the Staff proforma  
13       adjustments.

14  Q   As part of this process, did you make any  
15       adjustments to the rate base? And if so,  
16       please explain them.

17  A   (Descoteau) Yes, I did make adjustments. The  
18       adjustments are reflected on Attachment A,  
19       Schedule 2a. And there were seven adjustments  
20       made.

21  Q   And that's on Bates Page 009, correct?

22  A   (Descoteau) Yes, they are. Plant in service  
23       just had a small adjustment, Adjustment 1, for  
24       \$108 for a misposted depreciation entry. And

1 Adjustment 2 to adjust the accumulated  
2 depreciation. Adjustment 3 is to adjust the  
3 prepaid expenses. And this is part of the  
4 Settlement Agreement specifically. Prepaid  
5 insurance is excluded as it's already included  
6 in the operation expenses, which is part of the  
7 working capital -- cash working capital. And  
8 if these weren't removed, then the cash working  
9 capital would have been double accounting for  
10 these expenses. So, these amounts were  
11 removed.

12 Q On Schedule 2b, please explain the concept of  
13 "working capital". And I believe that is  
14 presented on Bates Page 010.

15 A (Descoteau) Right. Cash working capital is an  
16 allowance for funds that the utility expends  
17 for operation and maintenance of the utility  
18 prior to receiving revenues for the services  
19 provided. West Swanzey used a formula common  
20 in the utility practice, which is total O&M  
21 expenses times a working capital percentage,  
22 which, in this case, is the 20.55 percent,  
23 which is half of the billing period of 45 days,  
24 plus 30 days, which is the month, divided by

1 365 days in the year.

2 Q So, that's an accepted formula in the industry,  
3 correct?

4 A (Descoteau) Yes, it is.

5 Q All right. Now, turning to Bates Page 011,  
6 Attachment A, Schedule 3, the Income Statement.  
7 Could you just give an overview of that.

8 A (Descoteau) Similar to Schedule 2, Schedule 3  
9 shows the Income Statement as submitted in the  
10 initial filing and as reflected following the  
11 Staff proforma adjustments.

12 Q Did you make any adjustments, and if so, could  
13 you please explain them, to the operating  
14 revenues and expenses?

15 A (Descoteau) I made several adjustments. There  
16 were -- there was one adjustment made to  
17 revenues and 22 adjustments made to expenses.  
18 The revenue adjustment was due to a tampered  
19 meter -- a tampered with meter that wasn't  
20 reporting properly for two quarters. And, so,  
21 an estimate was made for the usage of that  
22 water, and the billing -- the estimate was  
23 adjusted there, and since this estimate has  
24 been found, the Company has actually billed the

1 customer for this amount as well.

2           Going down to the pumping expenses and  
3 water treatment plant expenses, the majority of  
4 these relate to DES had written some findings,  
5 and they mandated the Company to hire a new  
6 operator, and to also do -- they had to do a  
7 sanitary -- comply with a sanitary survey and  
8 new sampling schedule. So, I analyzed those  
9 expenses. And we set up a deferral account to  
10 defer a lot of those costs, because they  
11 related to a specific one-time event, and we  
12 were allowing the Company to amortize those  
13 over three years. And then we also did an  
14 adjustment to make the Company reflect the  
15 costs of E.E. Houghton, which was a new  
16 operator, to make that cost for that operator  
17 whole, because he was hired in April of the  
18 test year. So, we adjusted the test year for  
19 the first two quarters of 2017 and the first  
20 two quarters of 2016, so that it was a full  
21 year, but it was outside of the test year 2016,  
22 so we made some adjustments there.

23 Q   So, Schedule 3b of Attachment A, which is on  
24 Bates Page 014, that calculates the tax effect

1 of Staff's proforma adjustments?

2 A (Descoteau) Yes, it does.

3 Q Okay. Thank you. Moving on to the step  
4 adjustment, Ms. Descoteau, what is the proposed  
5 rate of return for the step adjustment and  
6 where is that outlined?

7 A (Descoteau) The proposed rate of return is  
8 6.02 percent. And it is shown on Attachment B,  
9 Schedule 1a, and is based on the cost of the  
10 new debt associated with the 2017 additions.

11 Q And that's on Bates Page 017?

12 A (Descoteau) Yes, it is.

13 Q Thank you. On the very next Bates page, which  
14 is 018, could you provide a descriptor of  
15 Attachment B, Schedule 2, which is related to  
16 rate base, I believe, and the step adjustment?

17 A (Descoteau) Attachment B, Schedule 2, shows the  
18 estimated cost of the pumping equipment and the  
19 associated depreciation involved with that  
20 pumping equipment. At the time of the  
21 Settlement Agreement, Audit had seen and  
22 audited one E.E. Houghton invoice for \$8,858,  
23 and at the time the rest of the 24,500 is still  
24 outstanding, and those invoices will be



1 submitted to the Commission as soon as they're  
2 received from the company any day now.

3 Q So, there will be a final hard recommendation  
4 once those invoices come in from the Staff,  
5 correct?

6 A (Descoteau) Yes, there will be.

7 Q Regarding Bates Page 019, Attachment B,  
8 Schedule 3, could you just describe what that  
9 presents?

10 A (Descoteau) Attachment B, Schedule 3, computes  
11 the property taxes involved with the new  
12 additions.

13 Q Were there any adjustments related to these  
14 schedules?

15 A (Descoteau) No, there were not.

16 Q Thank you. And one last question. What is the  
17 proposed effective date of the rate increase  
18 within the Settlement Agreement?

19 A (Descoteau) The proposed effective date, for  
20 both the permanent rate increase and the step  
21 adjustment, is for service-rendered on or after  
22 the date of the Commission order approving the  
23 Settlement Agreement.

24 Q And, Ms. Descoteau, in your opinion, does the

[WITNESS PANEL: St. Cyr|Descoteau]

1 Settlement Agreement provide for rates that are  
2 just and reasonable and in the public interest  
3 if approved by the Commission?

4 A (Descoteau) Yes, I do.

5 Q Thank you. Mr. St. Cyr, is there anything that  
6 you would like to add or explain as part of  
7 your testimony today?

8 A (St. Cyr) I would just add a couple of things.  
9 With respect to the adjustments to test year  
10 expenses, Robyn did an extensive analysis, but  
11 the net result of the analysis is that she  
12 analyzed what's normal and typical in a test  
13 year, and then we defer the difference between  
14 what was actually incurred and what was  
15 considered normal, and that's acceptable to the  
16 Company.

17 And then, with respect to the step  
18 adjustment, this is a project that's underway.  
19 The VFDs have been installed. The roughly  
20 \$8,800 has been expended. The SCADA is in the  
21 propose of being installed. The Company has  
22 already incurred about 9,000 on that. So,  
23 we're about maybe 75 to 80 percent completed.  
24 The expectation is that that will be done in

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[WITNESS PANEL: St. Cyr|Descoteau]

1 the next couple of weeks. We'll go ahead and  
2 submit those final invoices to Staff for  
3 review.

4 And then, lastly, I would just say it's  
5 the Company's request that the Commission issue  
6 an order by the end of the year, so that the  
7 rates can be effective, say, January 1, 2018.

8 Q Ms. Descoteau, is there any last small  
9 statement you'd like to make in light of this?  
10 Or, are you all set?

11 A (Descoteau) As soon as the invoices are  
12 submitted from the Company, they would be  
13 reviewed and a Staff recommendation would be  
14 submitted to the Commission, stating that  
15 they're acceptable or not acceptable at that  
16 point.

17 Q The final figure?

18 A (Descoteau) The final figures for the step.

19 Q Okay. Very good to know.

20 A (Descoteau) I don't expect there to be any  
21 issues with them, based on previous audit of  
22 their records of everything, you know, we  
23 didn't have any big issues in this case.

24 MR. SPEIDEL: Thank you. I would

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1 invite Bench questioning of the witnesses.

2 CHAIRMAN HONIGBERG: Quickly,  
3 Mr. Speidel, do we need to leave the record  
4 open for submission of Staff's recommendation  
5 and have that as an exhibit or should that  
6 happen -- can that happen outside of the record  
7 for the hearing?

8 MR. SPEIDEL: I would say that,  
9 historically, and I don't mean to get into a  
10 big discursion, but, in the past, Staff's  
11 recommendations to the Commission are thought  
12 of as a form of record evidence in and of  
13 themselves that do not require a record  
14 request.

15 We may certainly reserve a number, if  
16 you feel that that level of formality is  
17 appropriate.

18 CHAIRMAN HONIGBERG: I'm aware that,  
19 when recommendations are filed, as long as they  
20 go in the docket and are served on the parties  
21 and part of the public -- and are noticed to  
22 the public, we can rely on them for all kinds  
23 of reasons.

24 It's just this seems so specific to

[WITNESS PANEL: St. Cyr|Descoteau]

1 the numbers that are being presented in the  
2 Settlement, that I'm wondering whether it might  
3 be better to do it that way. But, again, I  
4 don't have an opinion on it.

5 MR. SPEIDEL: It's not a bad idea,  
6 Chairman. I think, just to be sure, you're  
7 right, because it has more of the feel of a  
8 data request because of its level of  
9 specificity, in terms of the dollar figure.  
10 And there's no harm in reserving this as a data  
11 request.

12 CHAIRMAN HONIGBERG: All right.  
13 That's what we're going to do. We're going to  
14 make that "Exhibit 3" when that comes in.

15 **(Exhibit 3 reserved)**

16 MR. SPEIDEL: Very good. Thank you.

17 CHAIRMAN HONIGBERG: Commissioner  
18 Bailey.

19 CMSR. BAILEY: Thank you. Good  
20 afternoon.

21 WITNESS DESCOTEAU: Good afternoon.

22 BY CMSR. BAILEY:

23 Q What is the current cost of debt that produces  
24 a rate of return of 5.06?

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1 A (St. Cyr) If you want to look at Attachment A,  
2 Schedule 1a, the cost of debt is specifically  
3 identified.

4 Q Can you give me a Bates page please?

5 A (St. Cyr) Bates Page 006. The specific cost  
6 rate for each of the debt issues is identified  
7 the second to the last column from the  
8 right-hand margin, and then the weighted  
9 average, which is factored into the rate of  
10 return is the 3.79 percent.

11 Q So, the total long-term debt is 4.36 percent?

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

13 Q All right. And what -- I should probably be  
14 able to figure this out, but just help me out.  
15 What's the capital structure?

16 A (St. Cyr) If you look to the first two columns  
17 on the left-hand side, it's identified as  
18 "Capital Structure". And the specific amounts,  
19 debt and equity, are identified and the  
20 percent. So, roughly, 87 percent is debt and  
21 13 percent would be equity, for a total of  
22 100 percent.

23 Q All right. And the new debt that Ms. Brown, I  
24 believe, is loaning the Company, is that an

1 interest rate of 5 percent?

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

3 Q And is that consistent with commercial rates  
4 right now? Why is it higher than the long-term  
5 debt of 4.36?

6 A (St. Cyr) I would say it's consistent with  
7 commercial rates. You know, it could be a few  
8 basis points one way or the other. You know,  
9 this is an owner loan. It is what the Company  
10 and the Staff had agreed to.

11 Q Ms. Descoteau?

12 A (Descoteau) That's what we had talked about.  
13 The official financing has not come in yet.  
14 The financing docket is due at any time.

15 Q But just that minor change in the cost of debt  
16 raises the rate of return to 6 percent, a whole  
17 percent, and as part of the Settlement, you  
18 consider that reasonable?

19 A (Descoteau) Yes. When Staff had been  
20 discussing it with the Company, I know we had  
21 talked about discussing it further during  
22 the -- during the financing docket. But we  
23 hadn't shown any concern with being at  
24 5 percent, because it was an owner loan.

[WITNESS PANEL: St. Cyr|Descoteau]

1 A (St. Cyr) And I would just add that the  
2 6 percent would be applicable to the 24,000 of  
3 additional cost. It's not being applied to the  
4 rest of the rates.

5 CMSR. BAILEY: Okay. All right.  
6 Thank you. That's all I have.

7 CHAIRMAN HONIGBERG: Commissioner  
8 Giaimo.

9 BY CMSR. GIAIMO:

10 Q So, when was the last time the Company was in  
11 for a rate change?

12 A (St. Cyr) 2011.

13 Q So, it's been five years? Six years?

14 A (Witness St. Cyr nodding in the affirmative).

15 Q Okay. What I thought I heard was that an  
16 average customer would see their quarterly bill  
17 go up \$25?

18 A (Descoteau) A quarter.

19 Q Per quarter. So, \$100 for the year?

20 A (Descoteau) Uh-huh. That's correct.

21 Q And I guess I have one last quick question.  
22 The initial number I think was being requested  
23 was to produce about \$39,000 of additional  
24 revenue, and the Settlement is some 18,000.

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[WITNESS PANEL: St. Cyr|Descoteau]

1 What are you forgoing by doing a settlement and  
2 not -- what's being forgone?

3 A (St. Cyr) I think the big difference is that  
4 the Company did not make adjustments in the  
5 test year expenses for the costs incurred that  
6 were later determined to be somewhat abnormal,  
7 or "abnormal" is not right, in excess of what  
8 is considered normal would be what the big  
9 adjustments were on the expense side.

10 And then, on the revenue side, there was  
11 the one adjustment for the tampering of the  
12 meter. That wasn't in test year revenues. We  
13 added that back in.

14 So, the combination of the two makes up a  
15 big portion of the difference between what the  
16 Company had requested and what we settled on.

17 CMSR. GIAIMO: Thank you. No other  
18 questions.

19 BY CHAIRMAN HONIGBERG:

20 Q Am I correct, there's no temporary rate in  
21 effect here, right?

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

23 Q So, there's not going to be any need for a  
24 reconciliation of any of these rates?

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[WITNESS PANEL: St. Cyr|Descoteau]

1 A (St. Cyr) Also correct, yes.

2 CHAIRMAN HONIGBERG: All right. I  
3 have no other --

4 **CONTINUED BY THE WITNESS:**

5 A (St. Cyr) There would still be the need for a  
6 surcharge for recovery of rate case expenses,  
7 but no reconciliation of temporary versus  
8 permanent.

9 CHAIRMAN HONIGBERG: Right. Thank  
10 you. I have no other questions.

11 Mr. Speidel, anything else we need to  
12 cover?

13 MR. SPEIDEL: I believe not.

14 CHAIRMAN HONIGBERG: All right.  
15 Thank you. You can either stay where you  
16 are -- or, actually, you probably should return  
17 to your seats.

18 Without objection, we'll strike ID on  
19 Exhibits 1 and 2. We're holding the record  
20 open for Exhibit 3, which I assume will come  
21 soon.

22 Anything else before we let the  
23 parties sum up?

24 *[No verbal response.]*

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1                   CHAIRMAN HONIGBERG:   Seeing nothing,  
2                   Mr. Speidel.

3                   MR. SPEIDEL:   Thank you, Mr.  
4                   Chairman.   Staff would recommend approval of  
5                   the Settlement Agreement, certainly pending the  
6                   receipt of the Staff recommendation regarding  
7                   the final step increase figures.   But, in  
8                   general, we support the Settlement Agreement as  
9                   producing just and reasonable rates for the  
10                  Company and its customers.

11                  Thank you.

12                  CHAIRMAN HONIGBERG:   Thank you,  
13                  Mr. Speidel.   Mr. St. Cyr.

14                  MR. ST. CYR:   And I would just add  
15                  that the Company -- the Company would  
16                  specifically like to thank Robyn for the work  
17                  that she did on the case, and for the Staff in  
18                  working with us.   We support the Settlement  
19                  Agreement and would encourage you to approve it  
20                  as is.

21                  CHAIRMAN HONIGBERG:   Thank you for  
22                  the kind words for Staff.   We appreciate all  
23                  the work that they do, and we very much like to  
24                  hear when others appreciate it as well.

1                   If there's nothing else, then we'll  
2           take the matter under advisement, leave the  
3           record open for Exhibit 3, adjourn, issue an  
4           order as quickly as we can. Thank you.

5                   MR. ST. CYR: Thank you.

6                               *(Whereupon the hearing was*  
7                               *adjourned at 2:08 p.m.)*