

STATE OF VERMONT  
DEPARTMENT OF PUBLIC SERVICE

CASE NO. 18-0726-INV

IN RE: INVESTIGATION OF TARIFF FILING OF  
BOLTON VALLEY COMMUNITY WATER AND SEWER,  
LLC FOR A 94% RATE INCREASE EFFECTIVE  
APRIL 1, 2018

June 14, 2018  
6 p.m.

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2712 Theo Roosevelt Hwy  
Bolton, Vermont

Public Hearing held before the Vermont  
Department of Public Service, at the Smilie Memorial  
School, 2712 Theo Roosevelt Highway, Bolton, Vermont, on  
June 14, 2018, beginning at 6 p.m.

P R E S E N T

Vermont Department of Public Service

June Tierney, Commissioner  
Geoffrey Commons, Esquire  
Jake Clark, Esquire  
Carol Flint, Consumer Affairs & Public Info.

Agency of Natural Resources

Tim Raymond, Operations & Engineering  
Patrick Smart, Operations  
Ellen Parr-Doering, Deputy Director Drinking Water

Vermont Department of Conservation

Neil Kamman, Senior Policy Advisor

CAPITOL COURT REPORTERS, INC.  
P.O. BOX 329  
BURLINGTON, VERMONT 05402-0329  
(802) 863-6067  
EMAIL: info@capitolcourtreporters.com

S P E A K E R S

Christie Geiler  
Jeff Downs  
Karene Cox  
Anastasia Grechen  
Megan Murphy  
Joe Croshier  
Andrew Crowder  
Mike Samalis  
April Hayes  
Eric Lister  
Andrea Lister

Exhibit

Marked

A Graph

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1 MS. FLINT: We are going to get  
2 started. I want to welcome everyone and thank you  
3 for coming tonight. We are so glad to see such a  
4 wonderful turnout.

5 My name is Carol Flint. I'm with the  
6 Department of Public Service Consumer Affairs and  
7 Public Information. So I saw the look on your face.  
8 Any more than three people is a wonderful turnout.

9 MEMBER OF THE PUBLIC: There's more.

10 MS. FLINT: Good. Good. So there is a  
11 sign-in sheet that's circulating that would be  
12 helpful for us if we want to get back in touch with  
13 you folks. Can everybody hear me okay?

14 When we were here for the public  
15 hearing it was really difficult for me to hear people  
16 with the microphone, so I think it will work better  
17 if that's all right.

18 Anyone need an agenda? So I've just  
19 gotten separated from my stuff.

20 COMMISSIONER TIERNEY: Oops.

21 MS. FLINT: So let me just walk through  
22 the agenda with you so to give you a sense of what we  
23 are going to try to do tonight. And somebody has  
24 given me a 2009 tonnage trash job. Isn't that really  
25 useful?

1 COMMISSIONER TIERNEY: Excellent.

2 MS. FLINT: So we are going to go  
3 through some basic introduction about who is here and  
4 talk about some of the ideas you had. We are going  
5 to walk through the input that customers of the water  
6 system have provided to the Public Utility Commission  
7 through comments filed in the ePUC system and  
8 comments that folks have given Consumer Affairs and  
9 Public Information, and remarks that were made during  
10 the public hearing I honed through the transcript.

11 So when you see things on the wall or  
12 you've seen things that sound something like what you  
13 may have said already, it's because I looked at all  
14 that information to put it up there.

15 We are going to do that. We are going  
16 to take a minute to walk around and look at it a  
17 little bit later on and give you a chance to make  
18 additional comments if you would like to do that.  
19 Then we are going to go through current status. ANR  
20 may have some things to share with you about what's  
21 happening with the water system currently. We will  
22 talk about the roles and responsibilities of the  
23 Agency of Natural Resources and the Department of  
24 Public Service in instances like this one.

25 And then there may be some questions

1 that we can address tonight. Certainly we will not  
2 be able to address every question that you have,  
3 because this is a litigated rate case, and we are  
4 meeting with you informally. So we will address  
5 some, but not all, questions.

6 Then we will work on some next steps  
7 and follow up. So I would like to introduce Geoff  
8 Commons who is the attorney for this case. And  
9 Geoff, if you could in turn introduce others who are  
10 here on the team tonight. So --

11 MR. COMMONS: Okay. To my left is Neil  
12 Kamman?

13 MR. KAMMAN: Yes.

14 MR. COMMONS: With the Department of  
15 Environmental Conservation at ANR. This is Jim  
16 Porter, our Director for Public Advocacy, at the  
17 Public Service Department. June Tierney,  
18 Commissioner of the Public Service Department. Jake  
19 Clark, one of the attorneys at the Public Service  
20 Department. And at the other end of the other table,  
21 Ellen Parr-Doering who is -- I don't know her title  
22 -- but she is also with the Department.

23 MS. PARR-DOERING: Deputy Director,  
24 Drinking Water.

25 MR. COMMONS: Thank you. And Patrick

1 Smart and Tim Raymond who are with the Drinking Water  
2 program.

3 MS. FLINT: Thanks. So I would like to  
4 turn the floor over to Commissioner Tierney. She is  
5 going to talk for just a couple minutes.

6 COMMISSIONER TIERNEY: Going to need my  
7 beverage first because got to get the basics out of  
8 the way before I can find my bearings with you folks.  
9 It's honestly and generally a pleasure to be with you  
10 tonight. I should tell you that I have been doing  
11 this kind of work in the state for nearly 20 years  
12 now. I have been at many public hearings. I've done  
13 many contested case hearings, lots of process. Scary  
14 words, I know. So this has been going on for 20  
15 years.

16 I have two voices. I have a command  
17 voice to hear all the way to China, and then I have a  
18 soft spoken indoors. What I was about to explain to  
19 you is that in my time in doing this work, I've not  
20 yet had a hearing like this. And all this is is an  
21 outreach to your community to hear more specifically  
22 from you, because my perception is that you've not  
23 felt heard to date by your regulators, by state  
24 government. And that's not the Vermont way.

25 And I don't pretend to have a monopoly

1 on what exactly the Vermont way is, but I do know  
2 that in my experience living in our state, I have had  
3 to deal with the government at times and feel  
4 faceless. In tropical storm Irene my home was  
5 devastated. My house per se was left standing  
6 intact, but the property all around it was washed  
7 away. So you couldn't get to the house. I had no  
8 idea how to tackle that problem once the storm had  
9 passed. And I found I did not know how to relate to  
10 the various agencies that had a say about what would  
11 happen next to it. It was very daunting, at times  
12 terrifying.

13 And today I'm in a new home, and I'm  
14 still alive and well, but it really changed me as a  
15 person, and that's why we are here tonight. Because  
16 a couple of your fellow citizens went to see our  
17 Governor and had a conversation with him, and then I  
18 turned to him later and said perhaps we ought to get  
19 into the community to try to hear from them about  
20 what is on your minds and what you think should have  
21 happened, what you think could be done differently.

22 I want to be clear about those last two  
23 points. In hearing from you what you think could  
24 have happened or what you think could have been done  
25 differently is very much about eliciting from you

1 what is on your minds and your hearts as you face the  
2 situation you're in right now vis-a-vis water rates.  
3 It's not about necessarily hearing from us about what  
4 you want to hear, but rather it's about us hearing  
5 from you what we need to hear so that we can better  
6 understand what it is that we can and cannot do in  
7 trying to help you.

8 If I've learned one thing from living  
9 in Vermont is that it's a place where sometimes we  
10 have to tell each other hard truths, and that's not  
11 easy to do. Tonight is your point in time where you  
12 tell us the hard truths that you think we need to  
13 hear. And we are here to listen.

14 One other remark I would like to make  
15 about who is here tonight. All of the folks you've  
16 heard from, lawyers and/or from Consumer Affairs, are  
17 folks who work for me at the Department of Public  
18 Service. The folks who were introduced to you as  
19 water quality experts are folks that work at the  
20 Agency of Natural Resources. They are two different  
21 agencies, but we are part of one government, and we  
22 serve you. These folks will be in a position to talk  
23 to you to some extent about technical matters and  
24 answer questions you have about water quality and the  
25 like. My folks are here to listen to your questions

1 and also to hear their answers because their job is  
2 to prepare an advocacy case that goes before the  
3 Public Utilities Commission. So when Carol is saying  
4 a moment ago we won't be able to talk about certain  
5 things because this is a litigated case, what she was  
6 trying to convey to you is what you have to tell us  
7 tonight can play a role in the case that we are  
8 preparing. So you have to understand that we are not  
9 just here to answer questions and make issues go away  
10 tonight. We are here to develop our understanding of  
11 what it is that needs to be brought to either the  
12 Public Utilities Commission's attention or elsewhere  
13 if need be.

14 So with that, I'm going to turn this  
15 back over to Carol --

16 MS. FLINT: Thank you.

17 COMMISSIONER TIERNEY: -- and open my  
18 ears.

19 MS. FLINT: Thank you so much. So I'm  
20 not a lawyer. I'm not an engineer. My job, and you  
21 just heard it assigned to me by my boss, is to listen  
22 to what you're saying, but also importantly watch  
23 your faces and figure out if you're hearing what we  
24 are saying, if the understanding is moving in both  
25 directions, or they are really hearing what you're

1 saying. So if you don't feel like whatever you want  
2 to say was well understood, look at me to help you.  
3 Okay. I will do that to the best of my ability.

4 So these flip charts I talked about a  
5 few minutes ago. They cover concerns that customers  
6 have raised about rate design process, about  
7 regulation, rate regulation process, concerns -- many  
8 concerns that you raised about affordability.  
9 Management and operations questions and concerns.  
10 Service quality such as leaks, water safety, water  
11 quality. The use of financing as a tool or  
12 expectations for financing.

13 And then some of you folks have put in  
14 some suggestions or concrete ideas. So all that  
15 information is up on the walls. I invite you to take  
16 a walk around right now and take a look at it. See  
17 if we got it. If we didn't get it, if you have more  
18 things to add to those lists, there is post-its and  
19 markers on the table, or I can give you more markers,  
20 and just put it up there. Go for it.

21 COMMISSIONER TIERNEY: Okay. And  
22 Carol, how long do we expect to do that?

23 MS. FLINT: Four or five minutes. I'll  
24 watch and bring people back together when it starts  
25 to --

1 COMMISSIONER TIERNEY: Calm down.

2 Thank you.

3 (Recess was taken.)

4 MS. FLINT: Looks like we are winding  
5 down. Everybody get a chance to look at the list?

6 All right.

7 Let's come together over here with rate  
8 design concerns. And so what we are seeing here, oh,  
9 and Commissioner asked me to remind you that we are  
10 -- have a court reporter in the room taking  
11 transcription, so if you speak up, can you just state  
12 your name please, and then that will be clear on the  
13 record for tonight. A few last minute, any more  
14 additional?

15 So what we have here and what we have  
16 heard so far are concerns about billing based on the  
17 number of bedrooms not being an accurate  
18 representation. Customers having no control over  
19 rates, i.e., costs because it's not based on measured  
20 use. Residential customers are more burdened than  
21 commercial. Bolton Valley Community Water and Sewer  
22 owns Bolton Valley Enterprises, and it's in their  
23 interest to keep costs low. Are residents paying the  
24 fair share of the system. So these three additions.  
25 We were told meters might be added, but our base rate

1 would still be based on number of bedrooms. Water  
2 rates will be based on usage. And a two bedroom home  
3 that has five people living in it needs more water  
4 than a five bedroom. It needs to be fair and  
5 equitable. And people have visitors, seasonal. Some  
6 people stay for the winter and they are not being  
7 charged. Anything else?

8 Rate regulation. What is reasonably --  
9 reasonable, fair, equitable? Want to understand rate  
10 design. Metered service. Submeters, meters.

11 Do financials show maintenance wasn't possible due to  
12 under collection of revenue or mismanagement. No  
13 audited financials or tax return review. Could you  
14 explain this? Was this in --

15 MS. GEILER: No. I looked at the annual  
16 reports. I didn't find them to be very useful.  
17 Christie Geiler. G-E-I-L-E-R.

18 MS. FLINT: Do you understand?

19 COMMISSIONER TIERNEY: Carol, could I  
20 ask a clarifying question? Whose annual reports were  
21 they, Christie?

22 MS. GEILER: They were Catamount Bolton  
23 Water Sewer. As far as I know Bolton Water has not  
24 filed this year. I hadn't heard if they were granted  
25 an extension.

1 MR. COMMONS: Yes, they were granted an  
2 extension.

3 COMMISSIONER TIERNEY: Go ahead.

4 MS. FLINT: Affordability. I think the  
5 title speaks for itself. Folks feel this rate  
6 increase is not affordable. Does that say it?

7 Management and operations. There were  
8 a couple of comments about people being asked to  
9 conserve. They couldn't see the benefit of that.  
10 They didn't see the obvious benefit, but it wasn't  
11 personally benefiting them financially. Sometimes  
12 there is no water, they want discounts for poor  
13 service quality. Concerns that the rate increase  
14 will not adequately address system problems.  
15 Customers paying for problems in the system for  
16 years. Deferred maintenance. A hopeful statement we  
17 need proper maintenance. Concerns about management  
18 or mismanagement of funds. System needs,  
19 deficiencies.

20 Question that I think DEC might be able  
21 to answer later. Do they have operational  
22 maintenance records of the system? Long-term plans  
23 to fix it right. I saw that a couple times. What is  
24 the necessary overhaul to ensure proper functioning.  
25 Prior owners not paying proper attention.

1 More around management and operations  
2 queries, concerns, objections?

3 Service quality seems to center around  
4 leaks, safety. Water quality, boil water notices.  
5 Sometimes no water at all. And excessive treatment  
6 and poor water quality when surface water was used  
7 previously before the recent drilled wells. Did I  
8 understand that last one correct?

9 COMMISSIONER TIERNEY: Could you just  
10 raise your voice a little, Carol? I think we might  
11 have some trouble hearing it.

12 MS. FLINT: The last thing I said was  
13 about excessive treatment and poor water quality in  
14 the past when surface water was used. And there are  
15 a couple of ideas. Concrete suggestion back here  
16 including a tariff to make the water system own up to  
17 the curb stop because people on different sides of  
18 the road have different expenses if they have to  
19 repair service connections. It was a suggestion from  
20 forensic audit of the water system. Fix, replace.  
21 Not six feet at a time. There is a recent addition  
22 to that. Can that be explained further?

23 MR DOWNS: It seems like right out in  
24 front of my house there have been two repairs out  
25 there in the last three years, and it seems like they

1 are spot fixing the repair, spot fixing the breaks in  
2 the pipe. Jeff Downs.

3 COMMISSIONER TIERNEY: Jeff Downs.  
4 Thank you.

5 MS. FLINT: And there is another  
6 suggestion about is there a Vermont statute should  
7 the private owner default. Does anyone want to talk  
8 about that?

9 MS. COX: I can clarify. Karene Cox.  
10 At the last meeting the statement was made by an  
11 owner of both facilities that I don't know was a true  
12 statement or inflammatory statement, that had they  
13 not purchased the water system, quote, we would not  
14 have water. Was it inflammatory? Or -- and I have  
15 lived on previously -- I'm new to the area, and I had  
16 my own well for 30 years. This is new to me.

17 Is there a Vermont statute? Because  
18 it's community water, community, that the state steps  
19 in, or what happens? Is that a true statement or  
20 not? Would this area have had -- if no one bought  
21 it, does the state step in, feds? What happens?

22 COMMISSIONER TIERNEY: Thank you.

23 MS. COX: And I don't know. That's why  
24 I'm asking. I probably could research it.

25 COMMISSIONER TIERNEY: No, it was

1 important to get the question on the table. I think  
2 I would like Carol to finish this, and then we will  
3 come back to that.

4 MS. COX: Okay.

5 COMMISSIONER TIERNEY: Thank you.

6 MS. FLINT: I'll really yell from all  
7 the way over here. This is use of financing. Can  
8 you hear me?

9 COMMISSIONER TIERNEY: Yes.

10 MS. FLINT: What alternatives are there  
11 to taking on more debt? Could this system owner take  
12 a more measured approach to keep rates affordable?  
13 Can't they borrow instead of raising rates?  
14 Gradually increase costs. What improvements are  
15 funded or required of the water system under the new  
16 VEDA loan.

17 And in particular there are questions  
18 about meters. What have been the costs and revenues  
19 to operate the water system over the years, and how  
20 can I find this information? What audits have been  
21 performed by the PUC? Is the company financially  
22 responsible? If there is anyone here who thinks this  
23 might be their words paraphrased, I would love to  
24 hear more about what they mean by that. And then  
25 what is DEC's role in loan finance?

1 COMMISSIONER TIERNEY: Is there anybody  
2 who can speak to Carol's question about the financial  
3 responsibility of the company? Anyone pose that  
4 question tonight?

5 MS. COX: Unfortunately we have about  
6 half in attendance.

7 COMMISSIONER TIERNEY: When you say  
8 half --

9 MS. COX: About a third.

10 COMMISSIONER TIERNEY: Is it Corinne or  
11 Karene?

12 MS. COX: Karene.

13 COMMISSIONER TIERNEY: When you say  
14 about half, do you mean of the community; citizens  
15 who are served?

16 MS. COX: Maybe I'm overestimating.

17 MS. GRECHEN: Anastasia Grechen.

18 G-R-E-C-H-E-N. She is just saying that we have less  
19 than half of the attendance in this meeting. I mean  
20 it's --

21 MS. COX: It's less than a quarter.

22 COMMISSIONER TIERNEY: Forgive me. I  
23 don't mean to be disruptive, but because we have a  
24 court reporter taking it down so that we have the  
25 benefit of all that was said in the record, we have

1 to try to keep people to speaking one at a time, and  
2 then this nuisance of saying your name first. But it  
3 pays off in the end, I assure you. So did we get to  
4 the bottom of this?

5 MS. COX: I didn't want to exaggerate  
6 so I said half, but it's probably more like it's  
7 tiny. It's minuscule.

8 COMMISSIONER TIERNEY: The crowd is  
9 minuscule compared to the population served by the  
10 system?

11 MS. COX: And compared to the last one.

12 MS. FLINT: Compared to the last public  
13 hearing. I agree with you.

14 MS. COX: A lot of people whose words  
15 are on the wall are not here.

16 MS. FLINT: That's helpful.

17 COMMISSIONER TIERNEY: We have a hand  
18 over here.

19 MS. MURPHY: Megan Murphy. I did not  
20 pose that question, but I can speculate that the  
21 first time that the current owners were owners of the  
22 resort and the water system, there were a lot of  
23 financial issues, and they did go through bankruptcy.  
24 So I would imagine that that's where the question's  
25 coming from.

1 COMMISSIONER TIERNEY: Okay. That's  
2 fair enough. When you say they went through  
3 bankruptcy, can you help me understand who you mean?  
4 Speculating.

5 MS. MURPHY: I believe Ralph  
6 DesLauriers would be -- I mean his children weren't  
7 involved in the same way at that time.

8 COMMISSIONER TIERNEY: Okay. Thank  
9 you. Thank you, Carol.

10 MS. FLINT: So you folks ready?

11 COMMISSIONER TIERNEY: We have another  
12 comment.

13 MS. GRECHEN: Did you just -- Anastasia  
14 Grechen. Did you say his children were involved in  
15 this?

16 MS. MURPHY: Would not have been  
17 because they were too young probably.

18 MS. GRECHEN: Just clarifying that.  
19 Okay.

20 COMMISSIONER TIERNEY: Go ahead.

21 MS. FLINT: So are you ready to talk a  
22 little bit --

23 MR. RAYMOND: Sure.

24 COMMISSIONER TIERNEY: Before we go  
25 there.

1 MR. RAYMOND: Our Deputy Director, do  
2 you want to kick us off?

3 COMMISSIONER TIERNEY: Before you guys  
4 get to go, I just wanted to take the temperature of  
5 the room for a moment. So we are about to hear some  
6 technical feedback, but you've just been through a  
7 process where we have solicited more elaboration from  
8 you on the issues. Is that a model that works for  
9 you to hear some technical information from these  
10 folks right now, or are you at a place where you  
11 would like to start talking to us? Or can I just get  
12 a read in the room.

13 MR. CROSHIER: See what you have to  
14 say.

15 MS. COX: The technicals are facts.

16 COMMISSIONER TIERNEY: Hearing no  
17 objection, we will go to the ANR folks. Go ahead.

18 MS. PARR-DOERING: I'm Ellen  
19 Parr-Doering. I'm Deputy Director for the Drinking  
20 Water and Groundwater Protection Division, which one  
21 of our main roles is to oversee public water system  
22 regulation. Under federal definition, the Bolton  
23 water system is a public water system. And so that  
24 means there is certain requirements that need to be  
25 met under state law as well as federal law. And the

1 division that the three of us are in basically is  
2 responsible for that. We do this through any number  
3 of ways. We do inspections, and in fact, Pat Smart  
4 is the head of that group that does sanitary survey  
5 inspections of public water systems. We do it  
6 through engineering, evaluating new infrastructure  
7 coming in and permitting that. We look at sources,  
8 and we permit that, new sources.

9 As you know, you were on surface water  
10 at one point. Then you were on groundwater, and our  
11 source evaluation folks were part of that process in  
12 issuing those permits. So we also look at monitoring  
13 data and assess the public water system, whether it's  
14 meeting the federal maximum contaminant levels, and  
15 if they are not, we have a way that we compel people  
16 to put in treatment. That's usually done through an  
17 operating permit at first where we incorporate any  
18 findings that we found in the survey and have them  
19 fix them.

20 Tim Raymond is our operations and  
21 engineering head. The section manager. So basically  
22 Pat does the operations side of the house, and then  
23 there is the engineers. All of them end up reporting  
24 to Tim, and I can't think of two more qualified  
25 individuals to go through all the technical nuances

1 of what you're about to hear.

2 So without further ado, hand it over to  
3 you.

4 MR. RAYMOND: Okay. Again, Tim  
5 Raymond. Chief of the Engineering and Operations  
6 Section. What does that really mean? It means we  
7 have a staff of professionals that inspect public  
8 drinking water systems, in this case public community  
9 water supply systems. A principal focus during those  
10 sanitary survey inspections is to identify sanitary  
11 defects, to make sure that there is adequate  
12 quantities of safe drinking water. The ongoing --  
13 there is a lot of ongoing monitoring requirements  
14 that the water system has, required to have a  
15 certified water system operator and to collect  
16 monthly water quality samples.

17 A number of years ago, for those of you  
18 who lived here at that time, EPA had issued an order  
19 to Catamount, local water system, to address very  
20 significant water quality concerns associated with  
21 using surface water from Joiner Brook, specifically  
22 extremely high levels of disinfection byproducts and  
23 the corrosivity of the water that raised the lead  
24 concentrations in the finished drinking water at the  
25 user's faucet.

1                   So at that time through the sanitary  
2 survey inspection program and through our mechanism  
3 and operating permit we had requested that Catamount  
4 Bolton water system at the time take on specific  
5 improvements to address the water quality concerns.  
6 At that time the owner of the mountain and the water  
7 system worked with some consultants, and they had  
8 made the decision to remove themselves from surface  
9 water to go to some new drilled bedrock water supply  
10 sources. They did that successfully to our  
11 knowledge, so we thought, until relatively recently.  
12 As this transfer of ownership was occurring, we  
13 became aware that there was some concerns with the  
14 quantity of water that the system was receiving from  
15 the permitted water supply sources.

16                   As we became more familiar with the  
17 water system, we became aware that there were very  
18 significant amount of water was being trucked in from  
19 another water system. That is not how we design or  
20 permit water systems to operate. We expect through  
21 our design and permitting process that the on-site  
22 supply sources, wells, surface water with suitable  
23 treatment, combination of each, is going to deliver  
24 an adequate supply of treated water to not only meet  
25 the water demand needs of the community so you would

1 never run low, or -- and pressure is not affected,  
2 low pressure, no water no pressure, and that drinking  
3 water quality meets safe drinking water standards so  
4 that you're safe.

5 So we immediately became involved.

6 MR. SMART: Sorry. Just one second.  
7 Is there anyone in the room that doesn't have a copy  
8 of this graph? It was handed out earlier. Anyone?  
9 I just wanted to make sure. It can be hard to read.

10 COMMISSIONER TIERNEY: Just for clarity  
11 in the written record --

12 MR. SMART: I'm sorry. My name is Pat  
13 Smart. I'm the Operations Section Supervisor or  
14 Patrick. Either is fine.

15 COMMISSIONER TIERNEY: Can you very  
16 briefly describe the document that you're holding up?

17 MR. SMART: I'm holding up is -- it's a  
18 graph that presents water use data from the water  
19 system. And Tim was about to talk about it. And I  
20 just wanted to make sure that everybody in the room  
21 had the small copy in front of them so that they  
22 could follow along.

23 COMMISSIONER TIERNEY: Okay. Without  
24 making this a trial, we are going to call that  
25 Exhibit A, and we are going to attach it to our

1 record tonight. Okay. Go ahead.

2 MR. RAYMOND: So key point that I think  
3 you understand but I want to make sure that you  
4 understand for the record is that from the State of  
5 Vermont Drinking Water Division's perspective, we  
6 believe this water system was in compliance with our  
7 standards, meaning, adequate quantities of safe  
8 drinking water were being delivered. When we became  
9 aware that a significant amount of water was being  
10 hauled to this system, we started asking for certain  
11 information to be provided to us. And we have  
12 basically taken all that information and put it on  
13 this graphic for you so that you can see very quickly  
14 what your real -- what your issue is technically  
15 speaking from our perspective.

16 So first thing that I wanted to point  
17 out is this black line across the top of the graph.  
18 That represents -- this represents about 106,000  
19 gallons of water a day. That's the combined  
20 contribution of the authorized sources to serve the  
21 water system. That is the level at which the last  
22 improvements project was funded at. This was the bar  
23 that those sources were to consistently and reliably  
24 be as permitted and designed.

25 MS. FLINT: Are there questions?

1           Everybody with him so far?

2                       MS. COX: I just had a question. You  
3           said when you became aware, you know, you looked at  
4           it. Was it only at the sale that you became aware --  
5           made you aware of this? Was -- when you say your  
6           organization monitored --

7                       MR. RAYMOND: There was a lot of stuff  
8           starting to happen at the same time. I think there  
9           was -- the ownership discussion was starting to take  
10          place. The new owners came into our office basically  
11          looking for low interest loan funding to help with  
12          improvements. And the discussion started to occur.

13                      There is a significant shortage of  
14          water, we have got problems we need to address. And  
15          it really started as a funding discussion.

16                      MS. COX: So that's how you became  
17          aware that the Mountain had been hauling water, or we  
18          had been hauling water? Do you know -- you mentioned  
19          your group monitors, you know, communities. Was  
20          there some -- were the previous owners then being  
21          deceptive of hauling water here, and your monitoring  
22          process missed -- your inspector missed that because  
23          -- is there any way of knowing?

24                      MR. RAYMOND: Again, our division is  
25          very large. There is monthly reporting requirements

1 for the quantities of water that's produced. There  
2 is reports that are provided by the owner and their  
3 operator to us on a monthly basis. And to my  
4 knowledge, we were not aware that water was being  
5 hauled.

6 COMMISSIONER TIERNEY: If I can ask a  
7 question, Tim.

8 MR. RAYMOND: Yes.

9 COMMISSIONER TIERNEY: The reports that  
10 you were getting on a monthly basis, would they have  
11 reflected that trucked water was included in what was  
12 being reported?

13 MS. COX: Prior to the --

14 MR. RAYMOND: I did not look at the  
15 reports. Did you look at the reports by chance?

16 MR. SMART: I haven't scrutinized the  
17 previous monthly reports in detail recently. I can  
18 say that I did look at them at one point from  
19 previous, looking back, not this past winter but the  
20 winter before. And when I went through them, I don't  
21 remember seeing any data that indicated that they  
22 were bulk hauling in those reports.

23 COMMISSIONER TIERNEY: Okay. So what  
24 we have here, if I understand it correctly, is there  
25 is a obligation of reporting to -- you're describing

1           how the system works. And you, Karene, are asking  
2           specific questions about the reports that were  
3           actually filed; is that correct?

4                       MS. COX: Right. Like has this just --  
5           you know, this tells me, oh, we just started hauling  
6           for the first time in February. Of new owners  
7           looking at the report, but -- in other words, should  
8           there -- is there a red flag of these reports prior  
9           to this change of ownership?

10                      MR. RAYMOND: Let me try to answer this  
11           question first. There is a requirement in our rule  
12           that if you're going to use any alternative source of  
13           water other than what we have authorized, you need to  
14           contact us. To my knowledge we were not contacted.  
15           We were unaware.

16                      MS. COX: That answers the question of  
17           deception.

18                      MR. RAYMOND: We were unaware of the  
19           previous hauling of water until the discussion  
20           started about loan funding.

21                      MR. PORTER: Can I ask a question about  
22           that? Do they have an affirmative duty to notify you  
23           or is that supposed to be part of their monthly  
24           reporting under the permit?

25                      MR. RAYMOND: They are supposed to

1 notify us. They should also note that on their  
2 monthly reporting forms to us.

3 MR. PORTER: But they have an  
4 additional obligation.

5 MS. COX: When was the first  
6 notification of hauling that you received?

7 MR. RAYMOND: I can't answer that  
8 question. I would have to look at the file. I  
9 didn't come prepared to answer that question.

10 COMMISSIONER TIERNEY: That's okay.  
11 You didn't come prepared to answer. But there is an  
12 answer to that question.

13 MR. RAYMOND: So let me finish  
14 explaining the rest of what you're looking at, and  
15 I'll just get to your question.

16 COMMISSIONER TIERNEY: Tim, before you  
17 go there, this lady has a question.

18 MS. MURPHY: Megan Murphy. So if they  
19 are not meeting their obligation, what are the  
20 repercussions?

21 MR. RAYMOND: There is a lot of  
22 questions, there is a --

23 MS. MURPHY: I mean the question I'm  
24 asking is do they get in trouble? Do they pay a  
25 fine? Is there any incentive for them to be honest

1 with you other than --

2 MR. RAYMOND: We are asking them to  
3 correct their sanitary deficiencies, insufficiency of  
4 water supply. And it's because of those requests to  
5 correct that insufficiency that they have basically  
6 gone to our drinking water revolving loan fund for a  
7 VEDA loan, and have applied for -- to the Public  
8 Service Board -- Department for --

9 COMMISSIONER TIERNEY: The Public  
10 Utilities Commission for a rate increase. Megan, I  
11 think what you're getting at is are there  
12 consequences for, if it's the case, a failure to  
13 abide by a reporting requirement.

14 MS. MURPHY: Right.

15 COMMISSIONER TIERNEY: So this is a  
16 good example of what we are doing tonight.

17 MS. PARR-DOERING: I would say --

18 COMMISSIONER TIERNEY: If I may,  
19 Christie, I apologize if we are trying your patience,  
20 but if we start asking questions like this,  
21 specificity and clarity are very important.

22 So Tim is not -- he's not here with an  
23 agency lawyer tonight. He's probably not the person  
24 who can answer that question. But this is a good  
25 example of how these different agencies have

1 expertise and knowledge, so my apologies that we  
2 didn't think to bring an attorney from their agency  
3 tonight. That's our bad.

4 But that doesn't mean there isn't an  
5 answer to your question. It just means that there is  
6 a need for patience which is difficult to muster  
7 right now, but this process can lead to those  
8 answers. Now you were going to say something.

9 MR. RAYMOND: I don't remember where I  
10 was, but I'll proceed. It will come back to me.

11 MS. FLINT: I think it was Ellen that  
12 was going to speak.

13 MS. PARR-DOERING: You covered it.

14 MR. RAYMOND: So the brown line, as you  
15 may be aware, that the well sources are basically  
16 pumping 24 hours a day to meet the supply, to provide  
17 whatever water, and in the distribution system up the  
18 mountain to the finished water storage tank. And  
19 this brown line represents the capability of those  
20 wells to pump each day.

21 As you can see when you look at this  
22 brown line those wells are not capable of producing  
23 what they were originally permitted to produce.  
24 That's because those wells have diminished in yield.

25 COMMISSIONER TIERNEY: So Tim, if I

1 understand correctly, you said a moment ago that  
2 looking at this picture that's a snapshot of the  
3 problem that folks are facing here. And so the take  
4 away from that is that as soon as you look at that  
5 graph, you can see that the brown line is only very  
6 rarely meeting the black line. And that's the  
7 indication of the yields from the well.

8 MR. RAYMOND: That it's less than what  
9 it was permitted for.

10 COMMISSIONER TIERNEY: Because the  
11 black line is what's permitted.

12 MR. RAYMOND: The brown line is metered  
13 information from water production. The black line is  
14 information based on what the sources were capable of  
15 producing.

16 COMMISSIONER TIERNEY: When it was  
17 permitted.

18 MR. RAYMOND: When it was permitted.  
19 The red line represents what you're demanding for  
20 water each day. The way we arrived at this  
21 information is these blue dots represent documented  
22 amounts of water that were delivered by truck, and  
23 they added what was delivered by truck to the daily  
24 total production data to point out the average of  
25 80,000 gallons a day. So for instance, you've got

1 just under 20,000 gallons of water delivered at this  
2 point in the system. You've got just about 25 to  
3 28,000 gallons delivered on this day. You can see  
4 that the brown line is diminishing, yields are --  
5 yields are still having a problem with the wells.  
6 There is some operational conditions with the well  
7 pumps, but there is fewer water deliveries since ski  
8 season ended, so the demand is lower.

9 MS. FLINT: This gentleman wants to  
10 know where you got the information for the black line  
11 and if I recall that was from --

12 MR. RAYMOND: This is total production  
13 data from the wells that are authorized to be used  
14 which includes the well that we authorized them to  
15 put into use here in December.

16 MR. CROSHIER: So how often are you  
17 evaluating? Was that an evaluation that we were  
18 supposed to do 110,000 gallons a day?

19 MR. RAYMOND: There is no requirement  
20 to go back and reevaluate until we realize that there  
21 is a yield reliability issue which we have clearly  
22 documented here.

23 MR. CROSHIER: Joe Croshier.

24 MR. RAYMOND: We know that the yields  
25 are less than what they were permitted for. And they

1           should be reassessed.

2                           MR. CROSHIER:   So how do you determine  
3           the yield?

4                           MR. RAYMOND:   Initially how is it  
5           determined?

6                           MR. CROSHIER:   Or now you're saying,  
7           you know, it's less now.   What is it?

8                           MR. RAYMOND:   We will -- we haven't  
9           looked at each individual well.   We know that the  
10          total production of the, let's call it a well field,  
11          is about 80,000 gallons a day.

12                          MR. CROSHIER:   And how many wells are  
13          there?

14                          MR. RAYMOND:   Five; four, five wells.

15                          MR. SMART:   Pat Smart.   Operations  
16          Section Supervisor of Drinking Water.   And currently  
17          there are five wells that are in use, and that  
18          includes the well A, the emergency well that was  
19          authorized to be put into use in December 2017.   And  
20          to answer your question, what Tim was getting to, to  
21          revisit the long-term yield of the wells and  
22          determine what they can be, that is something that  
23          needs to be addressed.   But it's difficult to  
24          prioritize what improvements need to be made and when  
25          do they need to happen.

1                   It's important to look at this data and  
2                   to look at the bulk hauling, and the one take-away  
3                   message is that these wells are decreasing in yield,  
4                   and the water system is not capable of sustaining its  
5                   operations right now. It doesn't have enough source  
6                   capacity to meet the users' demand. And from our  
7                   perspective, there is a need to increase the source  
8                   capacity. And we are working with the consulting  
9                   engineers that have been retained by the water system  
10                  to evaluate alternatives and to move forward to try  
11                  to find enough capacity to meet the demands and  
12                  stabilize day-to-day operations.

13                  And then once we are through and out of  
14                  this urgent scenario response mode, then we will be  
15                  able to take a step back and look and say, okay, if  
16                  these wells are no longer being taxed 24/7, what do  
17                  you think the long-term sustainable yields will be.

18                  MR. RAYMOND: Our concern is the thing  
19                  to remember is from our standpoint this is an  
20                  emergency situation. This is a very bad situation  
21                  with the drinking water system. We are quite  
22                  surprised by this very significant decrease in yield  
23                  of the wells. We also know that the water system's  
24                  infrastructure is about 50 years old or so. Right?  
25                  So there has been reports of lots of line breaks and

1 lots of leaks, you know, concerns from customers  
2 expressed about service. All very understandable.

3 We -- because we are concerned with  
4 that, we leveraged some free resources. It wasn't  
5 free for us. It was free for the water system. We  
6 provided two days of professional leak detection  
7 services and two miles of distribution pipe was  
8 evaluated, and only one service line leak was found  
9 to exist. It does remain to be another mile to -- if  
10 you wanted a professional leak detection service to  
11 look at that, but my point behind that is a  
12 tremendous amount of effort is being put into trying  
13 to find the leaks that are presumed to be water  
14 system demand and a cause for the system to be  
15 running out of water.

16 Now distribution systems leak, but just  
17 by comparing the production data and your demand data  
18 to other similar systems around Vermont, it's within  
19 the realm of acceptable level of leakage, and that is  
20 not your number one significant issue that needs to  
21 be addressed. This documentation shows very clearly  
22 that the number one problem is source capacity. And  
23 because of that, the conversations that we have had  
24 with the current owners are how much money should we  
25 spend doing the exploratory well drilling and looking

1 at other options versus trying to go back to a known  
2 source of water which would be Joiner Brook, and  
3 committing to providing adequate treatment and  
4 delivery of that.

5 MR. KAMMAN: Tim, can I put a fine  
6 point on something? Because I think it's really  
7 important. My name is Neil Kamman. I'm the senior  
8 policy advisor for DEC, and I have the privilege of  
9 working with all these guys. So I'm going to point  
10 at this chart just to make one more point that kind  
11 of alarms me. The red line is pretty much on average  
12 what you need every day. Every day this brown line  
13 is below the red line. There is not enough water in  
14 the system to serve your needs. It continues to  
15 decline. And there is two really fundamental  
16 important uses of the water; to give you water for  
17 drinking and flushing your toilets and to put out a  
18 fire. And this kind of decline below that average  
19 yield with respect to fire suppression kind of alarms  
20 me, outside looking in, because I'm not really a  
21 water systems guy at all.

22 MR. RAYMOND: It's a very significant  
23 issue.

24 MR. KAMMAN: I wanted to point that out  
25 when I learned it.

1 MR. RAYMOND: There is essentially no  
2 water in the water tank. What water they are  
3 delivering is to keep the water tank full or half  
4 full or keep it from being empty. And which means if  
5 there is a fire, the volume of water isn't there to  
6 put out a fire.

7 MR. CROSHIER: So we are talking about  
8 water for fire. It doesn't have to be potable water.  
9 We need treated water to do that?

10 MR. RAYMOND: No, no. I don't know  
11 this, but I have been told -- we have advised the  
12 current owners they need to contact their local Fire  
13 Department and make them aware of the situation. The  
14 Fire Department has emergency plans in place. How  
15 robust those are, I have no idea, but it wouldn't be  
16 uncommon if there is a fire, they are going to have  
17 to fight a local fire using other sources of water  
18 because you cannot rely on the drinking water system.

19 MS. COX: So Karene. A question on the  
20 chart. I did see like little into March on the -- a  
21 time we trucked in 60,000 gallons per day  
22 corresponded with the time when our water source  
23 production was at its highest. It's just an odd  
24 blip.

25 MR. SMART: Okay. Pat Smart.

1 Operations Section Supervisor.

2 COMMISSIONER TIERNEY: Pat, it's good  
3 enough just Pat. You're good.

4 MR. SMART: I'm sorry.

5 COMMISSIONER TIERNEY: It's a weird  
6 convention.

7 MR. SMART: To answer your question, I  
8 think the -- what's going on at that point in time,  
9 so we get two forms of reports that are -- that have  
10 been submitted to us that are shown on this chart.  
11 One is the standard monthly operating report. That  
12 provides the daily volume of water that's produced  
13 from the wells. And then whenever the water system  
14 hauls water in, trucks water into the system, we call  
15 that bulk hauling as a term of art. And whenever  
16 they bulk haul water, they provide a separate form.  
17 It reports the day that they bulk haul water, and the  
18 volume of water that was received. And what I  
19 suspect is going on here is that those big spikes of  
20 water, you see both the increased production and the  
21 high bulk water.

22 MS. COX: Looks like one shot.

23 MR. SMART: Yeah, it looks like one  
24 shot. What's going on then? My gut is it was  
25 heading up to a weekend when there was an expected

1 peak demand, peak use. And from our perspective, we  
2 look at -- I'm sorry. We look at the water system.  
3 We want there to be enough source of capacity to meet  
4 those peak demands with the permitted sources in  
5 place.

6 MR. RAYMOND: What it also suggests  
7 though, I'll point out, is it also suggests that  
8 because they bulk haul a lot of water on that day,  
9 they made sure the tank was full because they knew  
10 that they had a higher than normal occupancy and  
11 water demand, and that's shown by the fact that the  
12 brown line is above the black line.

13 So system demand for water is maybe  
14 higher than what we see here. And we don't know what  
15 to make of that yet.

16 MR. SMART: So my understanding is that  
17 there are practical limitations that make it very  
18 difficult or impractical to bulk haul water over the  
19 weekend. So when you see a huge spike, my guess is  
20 that was delivered late in the week, and they were  
21 trying to make sure that they had -- there was enough  
22 water in the tank to get through the weekend just  
23 through the operation limitation.

24 COMMISSIONER TIERNEY: We have a hand  
25 here.

1 MR. CROWDER: Andy Crowder. So I have  
2 been told that the water company and Bolton Valley  
3 Resort is two completely different entities. You're  
4 telling me that before a weekend where they have high  
5 occupancy, they are hauling in water. So obviously  
6 there is some relationship there. Correct?

7 MR. SMART: So what I was trying to say  
8 there about the weekend is that if you are in a  
9 source deficit situation where you don't -- your  
10 permitted source can't meet the demands, and you  
11 realize you need to bring in water to fill your  
12 storage tank, if you're a utility and doing the  
13 calculation and estimating the amount of water you're  
14 going to use, it would be reasonable if it's Thursday  
15 and you're afraid that your tanks are going to run  
16 dry, and you know you can't get water Saturday and  
17 Sunday, that you would try to get a bunch of bulk  
18 water delivered so that you don't run out of water  
19 and can't provide it to the users.

20 MR. RAYMOND: Some other facts are that  
21 it's very difficult to get water on the weekend. Now  
22 you have to pay more for bulk water delivery on the  
23 weekend than weekday so you try to avoid that.

24 The other fact is some sort of terms  
25 that we are used to using that are less known by

1 people is there is something called average daily  
2 water demand, and then something we have referred to  
3 as maximum water demand, and then something referred  
4 to as peak water demand.

5 Now average water demand for most  
6 communities occurs Monday through Friday. People are  
7 getting up, using the bathroom, going to work, coming  
8 home and eating dinner, going to bed and repeating  
9 themselves. And then on the weekends, if you're  
10 staring at a water production meter, water demand  
11 goes up slightly on the weekends. It goes up  
12 slightly on the holidays. And that peak on the  
13 weekend and holidays is referred to as a maximum  
14 daily water demand. That black line represents a  
15 permitted capacity that's supposed to meet the  
16 maximum water demands of this system as designed.

17 Peak demand is just simply something  
18 you experience when you have a fire and all the water  
19 comes rushing out of the tank. You don't expect the  
20 sources or the treatment facilities that are being  
21 utilized to be designed for a peak because it's  
22 wasted money. That's why that tank is there.

23 So these sources are expected to meet  
24 the max, and so we are looking at a -- we are  
25 plotting every day here. What we are looking at is

1 that worst case scenario that we look at as weekends  
2 and holidays as a maximum demand number.

3 COMMISSIONER TIERNEY: So to return to  
4 Andy's question for a moment, the question you're  
5 raising is, is there a concert of action between the  
6 owners of the utility and the actions they are taking  
7 to plan for peak demand, and I'm guessing the  
8 resort's occupancy level; is that right?

9 MR. CROWDER: Correct. Understanding  
10 the daily average rates, this affects the community  
11 as well. I assume that the rates that are in place  
12 are based on the average daily use of water.

13 COMMISSIONER TIERNEY: You're saying  
14 the rates paid for water use. That's what you're  
15 referring to?

16 MR. CROWDER: From -- the resort pays  
17 the same as the community for the average daily use.

18 COMMISSIONER TIERNEY: Understood. So  
19 that would not be something Tim would be able to  
20 address.

21 MR. CROWDER: Okay.

22 COMMISSIONER TIERNEY: That would be  
23 something that would come towards us in terms of the  
24 rate setting and the like. This is one of those  
25 frustrating moments in the evening, Andy. Your

1 question is very clear so that's helpful to us. I  
2 can't answer it here tonight. I simply can't, and I  
3 don't think Geoff can either.

4 MR. COMMONS: I cannot answer it  
5 concisely and probably understandably tonight.

6 COMMISSIONER TIERNEY: That doesn't  
7 mean there is not an answer.

8 MR. COMMONS: I'm glad to have the  
9 question, and I will answer it.

10 COMMISSIONER TIERNEY: And when you  
11 surface a question like that, that is where you're  
12 helping us understand the case. So the more of those  
13 kinds of questions that come out tonight, the better.  
14 I saw a hand. Was that yours?

15 MR. SAMALIS: Mike Samalis. S-A-M-A-L  
16 -I-S. How does the state estimate the average skier  
17 visits? How does that factor into the review of the  
18 water system?

19 MR. RAYMOND: The design demands for  
20 the water system when the base lodge was permitted,  
21 for instance, is just based on a table out of our  
22 rule that's based on the number of seats that  
23 estimates, you know, occ -- visits per day. And  
24 there is a design value for your residence. There is  
25 a design value for the base lodge. That design value

1 is often a much larger number than the actual metered  
2 number that we look at.

3 COMMISSIONER TIERNEY: So can I drill  
4 down just a little on this question? You asked that  
5 very precisely. Can you tell me a little bit about  
6 what you're thinking is behind the question?

7 MR. SAMALIS: Well obviously the number  
8 of skier visits play a major factor into the  
9 consumption of the water.

10 COMMISSIONER TIERNEY: Okay.

11 MR. SAMALIS: A great ski season and  
12 heavy snow we are going to see more visitors, and the  
13 parking lot is full. Lots of people are going. Slow  
14 year, the parking lot is empty and there's hardly  
15 anyone skiing. So it seems to play a major factor in  
16 the water usage. Just kind of rubs me the wrong way  
17 that we don't have meters.

18 COMMISSIONER TIERNEY: Okay. So this  
19 goes to the metering question. Let me see if I  
20 understand what's on your mind then.

21 If you had meters, you would have what  
22 you consider to be a verifiable way to ascertain  
23 whether you're being billed for your usage as opposed  
24 to an estimated method that relies on tables that may  
25 or may not accurately reflect the number of skiers

1 that are visiting, for instance, on a given weekend;  
2 is that right?

3 MR. SAMALIS: Yes.

4 COMMISSIONER TIERNEY: Okay. Do you  
5 want to follow up on that?

6 MS. MURPHY: Megan Murphy. Yes. And  
7 my follow up on that, and I think I mentioned this to  
8 Geoff previously, is that I have a hard time  
9 understanding. So this system has been here for 50  
10 years plus. Right? I have a hard time understanding  
11 why in that time period there has not been any  
12 requirement to install meters, why that's not  
13 required by the state. So I can understand that  
14 early period using the estimates. Right? To get an  
15 idea of what people should be paying. But we are 50  
16 years out.

17 And I think that's part of the reason  
18 we are in this situation. I think that's part of the  
19 reason the community is frustrated. And you know, it  
20 just blows my mind. I have to be honest. I don't  
21 understand why that's not a written rule.

22 MR. RAYMOND: Right. And that is the  
23 answer -- just for everybody else here -- is there is  
24 no requirement in the Vermont Water Supply Rule  
25 Chapter 21 currently that requires distribution

1 system metering. There is no requirement in the  
2 water supply rule for a service line shut off.

3 . Practically speaking, I would agree  
4 that makes sense. It makes it easier to work on the  
5 water system when there is certain things. But it's  
6 very simply -- it's not technically required at this  
7 point in time.

8 MS. MURPHY: How could that be changed?

9 COMMISSIONER TIERNEY: Okay. That's a  
10 good question.

11 MS. MURPHY: I mean really. You're  
12 both engineers. Right? I have a hard time --

13 MR. RAYMOND: Process wise.

14 MS. MURPHY: I don't want to speculate  
15 as to what you're thinking, but I would suspect that  
16 you can hear where I'm coming from.

17 MR. RAYMOND: I'm not saying meters  
18 aren't important. That's different. That may be --  
19 I can tell you my personal ideas on meters, and they  
20 are not technically required. And --

21 COMMISSIONER TIERNEY: Well, if you'll  
22 forgive me.

23 MR. RAYMOND: The question I know is  
24 how do we go about making this change. Simply we  
25 want to know that people believe that there should be

1 a distribution system here. We will consider that  
2 when we revise our regulations which we are currently  
3 in the process of doing.

4 MS. FLINT: Why don't we just take a  
5 moment. Commissioner, were you --

6 COMMISSIONER TIERNEY: Go right ahead.

7 MS. FLINT: To sort of redirect.

8 MS. COX: Can I ask an engineer  
9 question about meters?

10 MS. FLINT: If it's okay with them.

11 COMMISSIONER TIERNEY: Just a second  
12 before you do. I don't think Megan has gotten  
13 satisfaction on the question.

14 MS. MURPHY: For now, but I can't  
15 promise I won't come back to it.

16 MS. FLINT: I actually want to try to  
17 help get that addressed.

18 MS. COX: Maybe this adds to part of  
19 her question. I moved here with an assumption that  
20 there is meters. I lived out of state. It's  
21 metered. I have a bill. It's measured. But that  
22 was my assumption.

23 In talking about the meters, it was  
24 stated to me -- I live in a condo stretch. It's not  
25 potentially engineeringly feasible for each unit to

1 have a meter, like the way pipes are now. If we  
2 chose to, yeah, I want to pay for a meter, I'll do  
3 that. I couldn't have that as an option because of  
4 how pipes and shutoffs are and such.

5 Like there is only one for the whole  
6 stretch of however many buildings we have in our  
7 thing. So there again, you just have a meter for all  
8 your neighbors, and I don't think it's still a  
9 desire. So was that statement true that we  
10 potentially have to unearth entire parts of systems  
11 to make systems meterable?

12 MR. RAYMOND: Metering, I'm going to  
13 talk a little bit, unless you would like to.

14 MR. SMART: Go ahead.

15 MR. RAYMOND: Metering is important  
16 from the standpoint it tells you where water is  
17 going, and it tells you where water is not going.  
18 Customarily people are used to thinking of service  
19 line metering. And there is this -- I think there is  
20 this belief, maybe false belief or understanding,  
21 that when there is a meter, there is some sort of  
22 equity in the way that your bill is being applied,  
23 meaning the less water I use, the less I pay in my  
24 water, and that's simply not the case.

25 When you look across communities and

1           how they are applying billing structures, for the  
2           most part the largest expense they are passing along  
3           to their users is to cover their debt service. The  
4           cost of improvements that -- as directed to meet  
5           quantity and quality requirements by our permits.

6                         In some communities, for instance,  
7           choose to use a meter, and the way they choose to  
8           bill as an incentive for commercial and industrial  
9           growth. These might be communities that have an  
10          unlimited supply, so they feel that there's a -- on a  
11          local decision making basis there is a tradeoff for  
12          that.

13                        Other -- but the decision making on how  
14          to bill and how much to bill is not with us. It's  
15          with the local water provider.

16                        MS. COX: Right. That question was  
17          about the physical ability.

18                        MR. RAYMOND: The meters are important  
19          to show where water is going and where it's not going  
20          because it can save you money with capital  
21          improvements. In this instance it might show that  
22          you're not losing as much water through service line  
23          leakage or distribution system leakage as the fact  
24          that you simply don't have enough water.

25                        MS. COX: That wasn't my question.

1                   COMMISSIONER TIERNEY: So I think Tim  
2 is -- no.

3                   MR. SMART: So just --

4                   COMMISSIONER TIERNEY: Pat.

5                   MR. SMART: Just to follow up on the  
6 question. Karene, right?

7                   MS. COX: Yes.

8                   MR. SMART: So to answer about whether  
9 it would be complicated or expensive.

10                  MS. COX: Or feasible.

11                  MR. SMART: Or even feasible, that  
12 you're talking about -- either you're talking about  
13 an existing system where the houses and the buildings  
14 and the units are all already in place. And just  
15 conceptually, sometimes if you go in and remodel a  
16 house, it might be more expensive to gut a house and  
17 remodel it than it would be to build a new one from  
18 scratch, and you get into that same sort of situation  
19 where you're dealing with existing pipes and existing  
20 utilities. And you need to figure out where could  
21 this meter go. How would you get it in there. And  
22 it needs to be on a case-by-case -- there could be a  
23 lot of technical evaluation that goes into trying to  
24 figure out where would you properly site a meter for  
25 this specific instance. And it could be very

1 expensive, and it may not be practical in some cases.

2 MR. RAYMOND: And there are operation  
3 and maintenance costs associated with making sure  
4 they are being calibrated and reading them.

5 MR. SMART: Right.

6 COMMISSIONER TIERNEY: Okay. What I  
7 did not hear is that it is impossible to be done.  
8 What I'm hearing is there are many considerations  
9 above and beyond whether it's physically possible to  
10 put a meter in. Does that satisfy --

11 MS. COX: That answers my question.

12 MS. FLINT: There is -- okay. There is  
13 -- there is another one back here afterwards. You  
14 guys still good? Okay.

15 MR. CROSHIER: Just looking at the  
16 source water production going down, yield going down,  
17 is there any way to predict or calculate the well  
18 production down the road? I mean can we look at it  
19 in a two-year period, four-year period, or is there  
20 any way -- I mean you could tell with aquifers and  
21 stuff are dropping.

22 MR. RAYMOND: You can reestablish the  
23 safe yields today, but there is not really any way to  
24 predict in this scenario what the yield will be five  
25 or 10 years from now. We are hoping that it's

1 diminished and stopped. Quite honestly the safe  
2 yield analysis that's conducted on these wells  
3 initially is pretty strenuous. And the expectation  
4 is that this -- these wells and the original safe  
5 yield analysis would stay that way and would not have  
6 diminished.

7 MR. CROSHIER: Now being able to look  
8 down the road, we know we need some type of new water  
9 system in place. What can we do?

10 MR. RAYMOND: I believe that some of  
11 the logic that's being applied by the engineers is  
12 that -- is it reasonable to continue to try to drill  
13 wells in this particular aquifer when it's obviously,  
14 you know, can't be reliable.

15 MS. FLINT: So I think Megan had a  
16 question. She's been patiently waiting.

17 MS. MURPHY: Yes. I think they are  
18 questions. I'm not entirely sure. They may turn out  
19 as comments.

20 COMMISSIONER TIERNEY: Comments are  
21 welcome too.

22 MS. MURPHY: I think what I was hearing  
23 from you with respect to the metering is maybe a  
24 little opposite in my thinking. But I view that as a  
25 benefit of having the meters and understanding where

1 the water is going. You were saying well maybe we  
2 would find out we are losing less water in the  
3 system. And I'm thinking or we will know how much  
4 the system is losing.

5 MR. RAYMOND: I'm trying to be honest  
6 and direct. The technical standards do not require  
7 metering. I suspect that because those technical  
8 standards go through a vetting process within an  
9 outside state government, that, you know, including  
10 communities, that when you look at metering in  
11 general as a capital cost, a lot of -- Vermont's  
12 community water systems are not all like Champlain  
13 Water District in Burlington. Those are relatively  
14 small. I mean most of the systems that we regulate  
15 are about 300 persons in population. This system  
16 here is definitely right in that ball park. You have  
17 about 199 live-in units. So it's about 300 people  
18 that are in here. So cost is very significant when  
19 it comes to taking on -- taking on additional  
20 obligations.

21 So you know, if you're thinking about  
22 should we drill another well source or are we going  
23 to spend 60, 70, 80, \$100,000 on a metering package,  
24 oftentimes at the end of the day they say we don't  
25 need the metering that much.

1 MS. MURPHY: Do you feel that drilling  
2 another --

3 MR. RAYMOND: No. Aside from the --  
4 aside from my concern for communities because cost  
5 matters, economic viability of operating systems  
6 matter, there are ways to approach metering at key  
7 locations so that you know where your water is going  
8 and where it's not. Without metering absolutely  
9 every say service or something like that.

10 MS. MURPHY: That's the point I was  
11 getting at.

12 MR. RAYMOND: There are ways to do  
13 that. And I would probably even recommend those.

14 MS. MURPHY: Yeah. So my point is the  
15 same. I think that would greatly benefit, or I mean  
16 maybe even just help with this whole trust issue;  
17 right?

18 MR. RAYMOND: Yeah.

19 MS. MURPHY: I mean you know better  
20 than me, but this is an old system. Parts of it are  
21 clearly failing. Would it not be helpful to  
22 understand how much water is really being lost from  
23 the system, you know, before making it to any of our  
24 homes or, you know, the tap essentially?

25 MR. RAYMOND: It would be helpful to

1 know that. All I have is to say that when I compare  
2 the 80,000 gallons a day that's being used by this  
3 water system to other systems of this size, you're  
4 using less water than I would expect. And that's  
5 really odd considering you're running out and you're  
6 hauling water all the time. So all I can say is,  
7 yes, you may be losing water, but your number one  
8 priority has to be to correct these source issues or  
9 you don't stand a chance. If you correct the source  
10 issues then you can make the next step and decide to  
11 go to, you know, metering or whatever.

12 The other thing I hear you saying is  
13 very legitimate is, you know, some of the comments on  
14 the wall, Band-aid approach, you know, fix and repair  
15 versus replace. Why is that happening? Well it  
16 costs less to fix and repair as it does to dig it up  
17 and replace the whole line and recover that expense.

18 MS. FLINT: We have questions stacking  
19 up, I think. We have got one here.

20 MS. HAYES: April Hayes. I just wanted  
21 to reiterate I remember at one of the meetings that  
22 it is on the priority list to meter, but I think I'm  
23 just repeating what you were saying. We need water.  
24 Like there is other priorities first. I believe it  
25 was like third on the list. But --

1 MS. FLINT: Back here next.

2 MR. CROWDER: Okay. Sorry.

3 MR. LISTER: Just a couple questions.

4 Eric Lister. And I remember that meeting April, in  
5 fact, I remember the water company saying it cost  
6 about 70 grand to implement meters, put in meters.  
7 And I realize the source capacity is the issue.  
8 Metering is not going to fix the problem. But then  
9 again, metering will help then to disperse those  
10 costs, however you figure out the source capacity  
11 problem.

12 My question being, and I heard you say  
13 state law doesn't mandate -- or state law doesn't  
14 mandate metering. But do you guys have -- as the  
15 regulatory authority, do you have the power then to  
16 mandate through regulation, metering?

17 MR. RAYMOND: On a case by each basis,  
18 if we felt that there was a tremendous amount of  
19 water being lost in the distribution system, we could  
20 require a meter, metering. We have the authority to  
21 do that. We don't like to do that because of the  
22 consequence associated with those decisions. But we  
23 do have the authority to do it.

24 I would prefer -- I would point out to  
25 you that one of the things that we do do is we

1 provide incentives to communities, and we do that  
2 through our loan funding, and that's what happened  
3 here. There was the concern about a large capital  
4 cost, and maybe even the pipe dream that the problem  
5 could be solved through metering.

6 MR. LISTER: I get that that's not  
7 necessarily the problem.

8 MR. RAYMOND: So there was -- that was  
9 the thought process then. But the thought process is  
10 clearly changing, and there is no requirement for  
11 this system to proceed with metering.

12 On the other hand, they can choose to  
13 proceed with metering, and it is an eligible cost at  
14 least under our loan program.

15 MR. LISTER: Right. And she was saying  
16 at the last meeting that that cost or that the  
17 metering cost would be picked up through the loan.

18 MR. RAYMOND: But our priority --

19 MR. LISTER: I understand that.

20 MR. RAYMOND: -- is quantity; quality,  
21 is the number one priority. Quantity is sufficient.  
22 You have to address that. No choice. Faster.  
23 Quality starts to be impacted, you need to address  
24 that right off.

25 MR. LISTER: Understood. You made a

1 comment too that it's not always you think you're  
2 getting metering and that's going to give  
3 accountability to the water users, and there is other  
4 costs associated with metering. But going forward  
5 too, the distribution of the costs to fix the problem  
6 it seems those would be more equitably shared if  
7 there was a better idea of where the water is being  
8 used.

9 MR. COMMONS: This seems to be getting  
10 to a rate question, and I think I might be able to  
11 shed a little bit of light here. I think the ANR  
12 could require, and I think Tim alluded to this,  
13 require meters through rulemaking. I think they  
14 could do that.

15 And I'm not an engineer. You know, I'm  
16 a lawyer. I do rate making stuff. But it seems to  
17 me that they are -- it might not be the wisest course  
18 to just have a blanket requirement that every system  
19 meter. Because there are systems where it really  
20 would not be economical, would not be cost effective  
21 to meter.

22 Now that said, I want to say that we  
23 have heard this. We have absolutely heard this  
24 concern, and have had conversations on it. I'm going  
25 to be having been more conversations with ANR, with

1 these folks, about whether or not it's possible to  
2 meter at key points. So that we can, you know, if  
3 there is a loop that serves all residents, you know,  
4 can we put a meter at the right point there to  
5 differentiate usage, not by individual customer but  
6 by customer class. And resort and commercial  
7 customers again I'm not -- we have to sit down with a  
8 map and really look at the system and the  
9 improvements and the buildings that are there to  
10 figure that out. But I have absolutely heard the  
11 concern, and we are thinking hard about that, about  
12 whether -- the cost allocation concern. So --

13 MS. FLINT: We've had Tim and Patrick  
14 on the hot seat for quite awhile and asked them a lot  
15 of questions, more than I think they thought they  
16 were going to have the floor, so I want to give them  
17 a chance to just sit for a second and relax.

18 MR. RAYMOND: Thank you.

19 MS. FLINT: Geoff and Neil can talk a  
20 little bit about the roles and responsibilities of  
21 the respective governmental units in the rate case  
22 specifically, or in a rate case. And I'll let them  
23 talk, and then we can come back to any follow-up  
24 lingering questions that you might have on the  
25 agenda. Okay?

1 MR. KAMMAN: Sure. So as I said, I'm  
2 Neil Kamman. I'm in the Commissioner's office at  
3 DEC, kind of like the talking head and all that. I  
4 just want to sort of draw a distinction between the  
5 roles of Agency of Natural Resources and DEC and  
6 Public Service Department, DPS. What we do is we  
7 regulate the people that provide you the water. In a  
8 way our direct customer, if you will, is that person  
9 that we are regulating, which is the water supplier.  
10 We do that in order to ensure your safety and  
11 adequacy of your water. But so the reason you  
12 haven't heard from DEC a lot, sort of individually  
13 like this now, is because we are engaged with  
14 regulating the Bolton Community Water System. And  
15 that's kind of the interaction that we have been  
16 having.

17 You know, when we realized the level of  
18 interest that this particular case had generated, we  
19 saw the opportunity to just explain to you all what  
20 we, from a technical perspective, what the permittees  
21 and the engineers were seeing in the system.  
22 Because, you know, for me it's really compelling.  
23 You know, I live on municipal water too, and I do  
24 have a meter in my basement. And I think maybe there  
25 is some component of that meter that's part of my

1 bill, but there is also some that's not. And I  
2 completely understand that, you know, to dig up an  
3 entire mountainside in order to meter everything  
4 could be complicated.

5 In any case, that's our bailiwick is to  
6 determine what's the appropriate and sane course of  
7 action. What's an appropriate expenditure of funds  
8 for a loan that the Department is administering  
9 through VEDA. But we defer to the Department for the  
10 questions about how to compute the rates, how to  
11 calculate the rates, how meters would be used to do  
12 rates. All of that.

13 And so I just wanted to sort of shine a  
14 light on that, that we are regulating your water  
15 supplier to help you. These guys are regulating the  
16 rates directly on your behalf. It's a slightly  
17 different thing. And you know, I have been made  
18 aware of this situation with incremental urgency over  
19 the past few weeks to several months that Tim began  
20 to tee it up for me and to tee it up for our  
21 Commissioner's understanding so that we could  
22 communicate up through state government so that we  
23 can have a conversation like this.

24 I think if I can keep the talking stick  
25 for a minute, there were some questions about the

1 loan through the drinking water state revolving fund,  
2 and I am prepared to answer any questions there might  
3 be about that. And one of the questions I know is on  
4 the table about that which I'll address right here  
5 again is about whether the metering that's embedded  
6 in that loan essentially requires the money to be  
7 spent on that metering. And the answer to that is  
8 no, not necessarily. And the reason is we liken  
9 these loans to think of it as a home equity loan that  
10 you might be taking out to do home improvements.  
11 Your bank makes sure that you can pay that. Your  
12 bank makes sure that you're capable of doing that.  
13 But if you decide I don't want to buy that dormer, I  
14 want to buy a Tesla model X instead, actually you can  
15 do that. It's not quite like that with a state  
16 revolving fund loan. The costs have to be eligible.  
17 But a water supplier is not locked into what they  
18 said they were going to use the loan for, especially  
19 in what I consider to be an urgent and emergency-type  
20 situation like this where well maybe we could invest  
21 70 thousand dollars in metering of this loan, or we  
22 could do that to install the treatment that goes on  
23 the surface water to ensure the quality, so that if  
24 and when this system goes back to surface water, you  
25 don't have the problems you did before.

1                   Because there were reasons why these  
2 problems existed before. We are not going to let  
3 that happen under our permit system. So anyway  
4 that's kind of our role. I'm happy to take any  
5 questions so long as I'm allowed to be up.

6                   MS. FLINT: Absolutely.

7                   MS. LISTER: Andrea Lister. I have a  
8 question. Has our health been compromised with all  
9 the bulk water that has been delivered? Because the  
10 bulk water has been coming up for a long period of  
11 time.

12                  MR. KAMMAN: We have got to get the  
13 guys on the hot seat again. I was hoping to help you  
14 out.

15                  MR. RAYMOND: That's fine. One of the  
16 points I wanted to make, one of the reasons we have  
17 so much data is really we had regular reporting, the  
18 new owners when they came in they were very good at  
19 sending us reports and updates with every load of  
20 water that they have delivered and have here.

21                  MS. LISTER: That's this company.  
22 Prior to that.

23                  MR. RAYMOND: The reason we basically  
24 stopped, we didn't go back to a time line prior to  
25 this, is we don't have the same level of information.

1 MR. KAMMAN: So Tim, to answer this --

2 MR. RAYMOND: But to answer the  
3 question, there is procedures for all the water.  
4 First of all, the system has to haul water from  
5 another permitted public water system. In this case  
6 most of the water comes from Richmond Water  
7 Department. It has to be in a truck that's dedicated  
8 for hauling potable water, and they have to carry  
9 disinfectant, and the public water supply is  
10 responsible for making that delivery and putting the  
11 water in the storage tank before depressurization  
12 occurs. And that entire procedure along with  
13 notifying us is to assure that there is not any  
14 sanitary risk associated with that water. And there  
15 are testing requirements.

16 I mean right now the system is using an  
17 emergency supply source, but it has essentially been  
18 vetted through our division through an emergency  
19 provision put into use, and by doing that they had to  
20 do water quality monitoring for acute contaminants  
21 that might be at the well, naturally occurring in the  
22 aquifer, such as arsenic and uranium and radium, that  
23 type of thing. And they had to do ongoing coliform  
24 monitoring looking for e coli and total coliform, and  
25 they continuously disinfect with chlorine to make

1           sure that that water is sanitary that's being  
2           delivered to the system. So yes, procedurally,  
3           that's the number one thing we are concerned about.

4                         We are working with the water providers  
5           to make sure that it's safe.

6                         MR. KAMMAN: Tested and safe.

7                         MR. RAYMOND: Tested and safe.

8                         MS. LISTER: So you can --

9                         MR. RAYMOND: When you receive a notice  
10           to boil your water, for instance, it's because they  
11           are not following something procedurally from us, and  
12           we are saying you're vulnerable. We are not saying  
13           the water is contaminated, otherwise you would get a  
14           notice that says and your water has been determined  
15           to be contaminated with X, Y, Z. But it means that  
16           there is an operating condition that's not -- that  
17           puts your water at risk.

18                         MS. LISTER: And even when you weren't  
19           being notified that bulk haul water was coming up --

20                         MS. GEILER: I was going to say you  
21           can't speak to before you started.

22                         MR. RAYMOND: We can't speak to what we  
23           don't know.

24                         MS. GEILER: Christie.

25                         MS. COX: To the financing. I

1 understand you're saying like a loan, a home equity  
2 loan, but like a construction loan it would be  
3 accountable for what they are doing.

4 MR. KAMMAN: Yeah.

5 MS. COX: And I agree. Obviously the  
6 situation has presented itself before they went for  
7 the loan. Say all they have been asked for needs to  
8 be consumed and fixed in putting out the fire and  
9 fixing the problem.

10 Going forward there is obviously a  
11 community concern about paying my own and not paying  
12 someone else's, and there is the apparent conflict of  
13 interest of -- and we could be wrong. You know,  
14 perceptually you would say the hotel and resort  
15 consumes more water than the homes. And they are  
16 also the owners and operators of the water system, so  
17 they are the borrowers of the loan. So are they then  
18 the ones that can determine completely where that  
19 money is spent? So if in the future are they not --  
20 is there not a conflict of interest this being dealt  
21 with not to have meters down the road because  
22 ultimately they have beneficial interest and that now  
23 has to be declared?

24 MR. KAMMAN: So there is a fair bit to  
25 unpack in the question that I just heard. So I'm

1 going to be able to answer the part that I can. I'm  
2 not going to speculate as to sort of conflict or the  
3 interrelationship between the entities. It's  
4 absolutely not my area of expertise.

5 But I can speak to the Department's  
6 process for -- so in order to qualify for one of  
7 these loans, you have to apply. You have to be on  
8 our list of fundable entities, and we prioritize that  
9 list based on the urgency of the need. You've got a  
10 lot of priority points for this loan because of the  
11 urgency of the need. So it rises up.

12 And then the loan can be for certain  
13 things that speak to the urgency. When we begin to  
14 do disbursements on that, so the way it works is it's  
15 you do the work, you pay for it, then you ask for the  
16 money back from the loan. And we, DEC, look at the  
17 work that was done, we authorize that. We make sure  
18 that first the engineering costs are appropriate and  
19 that the cost of whatever fix is going in, whatever  
20 you're doing, fixing the pipe or whatever, is an  
21 appropriate construction cost.

22 So we actually have engineers and  
23 finance people that do that specifically. So we are  
24 looking at every pay requisition and making sure that  
25 what's on that pay requisition is square with what

1 the engineering plans suggest is supposed to be done.

2 In this case, the loan is actually  
3 what's called a planning advance loan, so this isn't  
4 a construction loan. This is to build up the  
5 information necessary to go forward and put in, you  
6 know, appropriate and final phases.

7 I can also tell you what's in this loan  
8 if you would like me to, if that would be helpful to  
9 the audience. I do see your hand up. And I would --  
10 I'll get there now.

11 MR. CROSHIER: The interest rate on the  
12 loan.

13 MR. KAMMAN: Okay. About the rate.

14 MR. CROSHIER: The interest rate on the  
15 loan. Is there different interest rates for  
16 community water system as to the public water system,  
17 like zero percent interest rate on some public stuff  
18 and not on private?

19 MR. KAMMAN: The municipally owned and  
20 the privately owned, Ellen, tell me if I'm off the  
21 rails here, have slightly different rate structures.  
22 So privately-owned water entity would have a higher  
23 rate.

24 MR. CROSHIER: So are we considered  
25 private or public?

1 MR. KAMMAN: I feel the Bolton Valley  
2 Community Water System is a private water system. So  
3 it's not, for example, owned by the Town of Bolton.  
4 And it's also not owned by, make up a name, the  
5 Bolton Fire District Number 7 or something like that.  
6 If it's a municipality, it's a different rate  
7 structure.

8 MR. CROWDER: Speak to -- I'm sorry --

9 MS. COX: Karene.

10 MR. CROWDER: Karene's comments  
11 regarding -- she was mentioning about a conflict of  
12 interest. This is more Geoff's question than.

13 MR. KAMMAN: I'm happy to let Geoff  
14 take this one.

15 MR. CROWDER: This is fine also. You  
16 have a water system, so they purchase the water  
17 system for a dollar from Redstone. Immediately  
18 following they asked for a loan. They knew what the  
19 issues were.

20 Now it's in their best interest to make  
21 sure they have water, because their business relies  
22 on having that water. They are investors, get a  
23 return on their investment. They get a return on  
24 capital. And not only that, but they plan for the  
25 future development. Yes, this is true.

1 MS. HAYES: Well --

2 MR. CROWDER: Maybe you're an investor.  
3 I have no idea. So they get a return on capital.  
4 Now if the water is failing, they are going to have  
5 problems with occupancy and so on and so forth. But  
6 how can you say that there is no conflict of interest  
7 whatsoever?

8 And, yes, again they say that they are  
9 completely different. They are hauling up water  
10 prior to certain weekends. They are doing a lot of  
11 things in order to make sure that they have water for  
12 the resort. And not only that, but I was also told  
13 that they can't fail, that being the water system.  
14 Meaning they have to at least be at break even  
15 levels, which is why we have a 94 percent increase  
16 coming, which is why this isn't the last increase.  
17 It's proposed that we are having another increase a  
18 year after this increase.

19 Not only that, but we have a sewer  
20 increase that came into place, and the reason they  
21 were able to get that is, I'm sure many of you  
22 already know, is because it's not the same type of  
23 regulation involved. They can pass that through far  
24 easier than water.

25 So my question is, what's the threshold

1 here for the consumer, for the community? Are we  
2 supposed to just keep this ongoing burden of paying  
3 these rates that in theory is infinite? Because that  
4 seems unrealistic.

5 I have a major problem when we are  
6 asking for, you know, when they are asking for money  
7 and they are the ones that are actually benefiting.  
8 Yes, we are getting water, but they get a return on  
9 their capital to make sure that they -- that that  
10 water is provided to the occupants of the resort and  
11 if they have future development in place.

12 MR. KAMMAN: So I will -- I'm just  
13 going to say that I'm glad that the recording heard  
14 you. I'm unable to comment on that myself. It's  
15 just not -- it's not what my department does.  
16 However, I think it's very much what DPS does, and  
17 very much what they wanted to hear here tonight.

18 MS. FLINT: So thank you for sharing  
19 your frustration. We hear you.

20 MS. GRECHEN: May I respond to that?

21 COMMISSIONER TIERNEY: Could we just --  
22 hold it just a second. Carol was saying something,  
23 and we will come back to you.

24 MS. FLINT: I just wanted to thank you  
25 for sharing your frustration. You know, like not

1           only is it recorded by the court reporter, but we  
2           hear you. I understand. And --

3                       MS. GRECHEN: Something really quick.  
4           I just -- the resort also -- I mean I pay water. I  
5           don't want my rates to increase, but of course,  
6           everyone knows I work there as well. I've seen  
7           everybody working so hard on figuring out water  
8           issues and finding leaks and all of that, and  
9           watching levels and all, just all of it. It's just  
10          been a very consuming thing for them.

11                      But the resort also does pay water.  
12          They are going to have a rate increase as well, and  
13          they do pay as far as my understanding, and I  
14          probably can't talk about this now, but they do pay,  
15          you know, based on the occupancy just like everyone  
16          else pays on number of bedrooms and all of that. So  
17          they are still paying that same amount of water  
18          whether the resort is packed or not, whether the  
19          hotel has people in it or not. And they are going to  
20          incur rate increases.

21                      MR. CROWDER: But --

22                      MS. GRECHEN: That's okay.

23                      MR. CROWDER: If they are hauling water  
24          in front of -- in preparation for a weekend, that's a  
25          spike that the community is also sharing as well.

1 MS. GRECHEN: Right.

2 MR. CROWDER: It's to their benefit,  
3 correct?

4 MS. GRECHEN: The resort actually did  
5 run out of water one Thursday night in March. It  
6 could be right when that happened. It ran out of  
7 water. Like it was not there. Like everyone had to  
8 shut down. You know, the tavern, it was a Thursday  
9 night. The tavern was there packed, and they had to  
10 shut down because of that. I'm not sure if that's  
11 when that was or not. But I know that -- I know that  
12 Ralph has an app where he was watching the water  
13 levels constantly in the reservoir. Constantly.  
14 Anytime you go in there and he goes, look what we are  
15 up to. So in anticipation, that's just being  
16 responsible for all of us, anticipating a large -- I  
17 mean this is March, we know we got five feet of snow.

18 So anticipating that there is going to  
19 be a higher volume of people. It's not just the best  
20 for business, but it's also for all of us so none of  
21 us have to not have water as well.

22 COMMISSIONER TIERNEY: Let me jump in  
23 here for a moment because this is not a refereed  
24 debate tonight.

25 MR. CROWDER: Right.

1                   COMMISSIONER TIERNEY: We have heard  
2                   how you framed the question and we heard a counter  
3                   that you have framed, Anastasia, and this is exactly  
4                   what happens in a contested case process before the  
5                   Public Service Commission. Differing views of what  
6                   the truth is, if you will, are presented, and then  
7                   the people have the power to decide what the facts  
8                   are and make a decision.

9                   So I think you've helped us understand  
10                  the conflict of interest angle that you see. You've  
11                  helped us understanding what you're seeing in your  
12                  workplace, and that's very helpful information for  
13                  us.

14                  Now we had a question about conflict of  
15                  interest, I think, -- just a second, Andy -- and then  
16                  I saw a couple other hands up over here for question  
17                  or comments; is that right?

18                  MS. HAYES: Comment.

19                  COMMISSIONER TIERNEY: So I'm going to  
20                  ask you just a little more patience, because Andy  
21                  looks like he's got something else he wants to say.  
22                  Am I reading it right, Carol?

23                  MS. FLINT: You are. And I'm going to  
24                  want to move this along.

25                  MR. CROWDER: You've worked at the

1 resort for a long period of time.

2 MS. GRECHEN: Yeah.

3 COMMISSIONER TIERNEY: This is not a  
4 debate. Talk to each other.

5 MR. CROWDER: This leads me to a  
6 question for Geoff. Geoff states in the last hearing  
7 it appears to me that the prior owners were not  
8 paying enough attention to this water system and  
9 doing things that they are largely or legally  
10 required to do.

11 Were you seeing a difference between  
12 the last -- since you were working there between that  
13 last ownership?

14 MS. GRECHEN: 100 percent. 100  
15 percent.

16 MR. CROWDER: So that leads to the  
17 question why is the consumer being burdened? If  
18 Geoff even states that the prior ownership were not  
19 fulfilling their obligations to community, what are  
20 the repercussions? Because it seems as though the  
21 repercussions are simply this is the rate increase  
22 and you guys are here to accept that rate increase.  
23 And so it's like who's accountable for this.

24 COMMISSIONER TIERNEY: That's very  
25 helpful. Thank you.

1 MS. HAYES: Can I feed back on that?  
2 I'm also confused maybe that same note. Like  
3 Redstone, I feel like we must have covered this at  
4 some point, but I don't know when. I have been to  
5 most of the meetings of -- well you said something  
6 that kind of triggered the same thought. We are not  
7 going to let this happen this time. Permitting.

8 I'm just confused about that. Like  
9 before DesLauriers were in here, I don't think they  
10 have had all the facts. I think they did not know it  
11 was this bad.

12 MS. GRECHEN: Absolutely.

13 MS. HAYES: It's a dire thing that's  
14 happening. But I'm just confused, and I get the  
15 system has been bad for awhile. But along that, and  
16 I also heard Tim say something around we just don't  
17 -- we didn't have that, or we didn't know they were  
18 short of water.

19 Are they hiding this? Like what was  
20 going on with Redstone? I don't understand why this  
21 is -- was let go this far. And I mean I think -- I  
22 feel prices should be increased. I feel like we have  
23 to take ownership to make our water system better  
24 personally, but I don't think we should -- I'm  
25 confused about that, why we are paying for that

1 neglect. I'm not hearing --

2 MS. FLINT: Thank you. Is this brief?

3 MS. MURPHY: I have the same concern.  
4 So if this was a shortfall of Redstone, and I don't  
5 know for a fact that it was, but why is it on us?  
6 You know, that's kind of frustrating.

7 MS. FLINT: I understand. So I really  
8 want to give Geoff the floor for a few minutes.

9 MR. COMMONS: I feel like I've got a  
10 number of things to try to keep in mind and address  
11 here.

12 MS. FLINT: Maybe just focus on the  
13 responsibilities of the Department and the rate case  
14 or a rate case.

15 MR. COMMONS: Sure.

16 MS. FLINT: And then people will ask  
17 you a couple questions. And let's just take  
18 questions until about 10 of 8, and then start moving  
19 into wrapping up.

20 Does that feel okay with everyone?

21 MR. COMMONS: So the Department -- we  
22 have a different kind of a different piece of the  
23 regulation of this water company, this water system.  
24 We have the same goal that the Department of  
25 Environmental Conservation has which is that people

1 should get a safe, reliable water service.

2 We also have the additional goal of  
3 trying to ensure that rates are -- the statutory  
4 phrase is just and reasonable. And reasonable  
5 lawyers can argue forever about what's reasonable. I  
6 will say that in Vermont in my understanding of  
7 utility law the phrase has been interpreted to mean  
8 fundamentally cost based, based on the actual costs  
9 of providing the service.

10 It is true that when we set rates that  
11 a company's investment in a utility system, a return  
12 on their invested capital, is included in the rate  
13 setting. However, you should not assume from that  
14 that they get that all the time. Because, in fact,  
15 the annual reports that we have and that I've shared  
16 show that for a number of years the company was  
17 actually losing money. The water that you're seeing  
18 trucked up to the reservoir, that's -- the cost of  
19 that is not in rates. It was not in rates for  
20 Redstone, it's not in rates for Bolton, BC, Bolton  
21 Valley. I'll trip over that name several times, I'm  
22 sure. So they are not laughing all the way to the  
23 bank on this. They are losing money. This system is  
24 losing money. The people who run it are losing  
25 money.

1           To ensure safe and reliable service,  
2           you have to cover the costs. Now try to figure out  
3           what to address here. In terms of the conflict of  
4           interest, I totally understand that. The resort is  
5           as dependent on it as you people are. We have the  
6           same obligation to them as a customer as we have to  
7           anybody as a customer. They should get the same  
8           thing, safe and reliable service. They should pay a  
9           fair rate as everyone should pay a fair rate.

10           There are certainly questions about the  
11           way the costs were allocated the last time we did a  
12           rate design case. And we are totally open to  
13           re-looking at that, taking another look at whether  
14           it's fair, whether it worked out, whether it's  
15           reasonable, just and reasonable. The costs --

16           MR. CLARK: Just make clear that's a  
17           separate case.

18           MR. COMMONS: A rate design case,  
19           right. Okay. There are two different kinds of what  
20           might be called rate cases. The kind of rate case  
21           that we have in front of us now the question is what  
22           is the total cost of providing the service. That's  
23           the question.

24           MS. FLINT: How big is the pie.

25           MR. COMMONS: How big is the pie. In a

1 rate design case which is a different proceeding, you  
2 determine who gets what slice of the pie. How do  
3 those costs get allocated to customer classes. And  
4 to set residential rates, to set commercial rates, to  
5 set rates for the different customers on the system,  
6 it was done based on design flows that we got from  
7 the Agency of Natural Resources. And not as good as  
8 metered data, but it was the data that we had. And I  
9 think Tim said that, in fact, total usage on the  
10 system is less than what they would expect from a  
11 system of this size.

12 So but this is all-- those  
13 considerations are absolutely going into a rate  
14 design case that will be a follow on. I can't tell  
15 you exactly how soon after, but it is time, it is due  
16 for a rate design case. I hear you on that.

17 COMMISSIONER TIERNEY: Geoff, I would  
18 add to that too.

19 MR. COMMONS: Sure.

20 COMMISSIONER TIERNEY: What brought you  
21 folks in the door is notice of a requested rate  
22 increase. That goes into the typical rate case where  
23 the discussion is how much are people going to pay  
24 for the water service.

25 What frequently happens before the

1 Public Utilities Commission, which is not my agency,  
2 they are the judges, if you will. What often happens  
3 in a rate case is the process of sorting through the  
4 evidence for those rates shows there is a need to  
5 look at rate design. Doesn't always happen, but it  
6 often happens.

7 So part of the final order in many  
8 cases is, and there shall be a rate design case. And  
9 our role would be to advocate for that if we think  
10 that that is warranted. So that is something that  
11 you could reasonably expect to see as advocated for  
12 if the facts bear out the way it sounds like they  
13 will.

14 Okay. That it is also important in our  
15 discussion, keep in mind there is this Public Utility  
16 Commission. And that none of the players here  
17 controls what the Public Utility Commission decides.  
18 But what my staff does is it advocates in front of  
19 that commission for what we think the right outcome,  
20 the public interest is in the case.

21 This, I can already tell just from  
22 listening to you folks tonight, that this case is not  
23 your ordinary rate case. You may have already known  
24 that. Okay. I've gotten a lot of things on my desk,  
25 and if I did not already appreciate that just because

1 it was such a high increase, I might add the high  
2 increase alone caught my attention, but having  
3 listened to you, it is clear to me that there is some  
4 sort of need to get clarity factually on certain  
5 questions such as what was Redstone's role. Why is  
6 it the system has languished for so long. These are  
7 questions that are not typically explored in rate  
8 cases because rate cases are usually about how much  
9 do we pay for the water. What you're asking is who  
10 should pay for it and who should pay the costs of  
11 bringing the system up the standards that ANR is  
12 describing here tonight. Just because those kind of  
13 questions are not typically asked in a rate case  
14 doesn't mean they can't be asked.

15 So that is the kind of thing that we  
16 require and put in front of the Public Utilities  
17 Commission so that they can make a decision about  
18 what they can and cannot do about it, and at least  
19 clarify that questions like that have to be taken to  
20 the right jurisdiction, whatever that maybe.

21 That is not the kind of thing that  
22 makes you feel good. It's not the finality of answer  
23 that you want. But I hope at least shows you that  
24 you are having an impact in telling us what your  
25 concerns are, and that you're facilitating our

1 understanding of concerns so that we can give thought  
2 to how to broaden the scope of inquiry in the rate  
3 case in a manner that's consistent with what you do  
4 before the Public Utilities Commission.

5 So to your point, Andy, for instance,  
6 about conflict of interest, I have been a lawyer too  
7 many years to sit here and tell you you're absolutely  
8 right, there is one. What I can tell you is you have  
9 teed up a legitimate question. And so it bears  
10 looking into. And one of the things that the  
11 legislature has recently done in rate cases we are  
12 going to say, yeah, in Public Utility Commission  
13 proceedings -- they now require the Public Utilities  
14 Commission to address public comment in their orders  
15 to show that they have thought about what they have  
16 heard from the public.

17 And so I think it's pretty clear that  
18 you will be -- having heard back to you through this  
19 process, what the regulating authorities heard and  
20 what weight they were able to give to what they heard  
21 from you.

22 MR. COMMONS: Okay. Thank you. So  
23 let's see, I have been quoted a couple of times here.  
24 I want to say that the statement that you quoted  
25 about whether legally required to do certain

1 maintenance and operational practices, honestly I was  
2 a little out over my skis on that, because one --  
3 well I'm going to give you a reason, not an excuse.  
4 There is a distinction in my mind. I'm not excusing  
5 what I said. I'm saying the reason that I did that,  
6 that is more in the ANR bailiwick of what they are  
7 required to do for operation and maintenance.

8           From our perspective, we have a fairly  
9 simple statutory directive. They are required to  
10 provide safe and reliable, adequate utility service.  
11 And when my colleagues in another agency tell me, you  
12 know, they really need to do these things, they need  
13 to construct these things in order to continue  
14 providing service, I don't look at that as  
15 particularly optional. It is what happens if the  
16 rates become such that nobody can afford it and the  
17 water system goes bankrupt and there is no more water  
18 system? I don't know. You know, I hope that I don't  
19 have to find that out. I've come close to finding  
20 that out in my career in this business.

21           But you know someone asked well what if  
22 the Bolton Valley had just said, no, we are not going  
23 to take it. Would Redstone have just been able to  
24 walk away? The answer to that is no. They need to  
25 get approval from the Public Utility Commission to

1 abandon service, to stop providing service. And as  
2 an advocate, I have seen those requests, and we  
3 absolutely dig in our heels and oppose them, until  
4 there has to be someone else identified who will take  
5 the system over. You cannot just leave people  
6 without water. You can't.

7 When you say, you know, how high can  
8 the rates go? Is it just infinity? Well for water,  
9 what's the marginal value of water? It depends on  
10 how thirsty you are. There are cases where utility  
11 systems have been -- have gone bankrupt. I'm  
12 thinking of -- it's an ancient case by Market Street  
13 Railways. Street cars were regulated as utilities.  
14 Well it became obsolete at some point, and the  
15 utility commission said, well, I'm sorry. We are not  
16 just going to keep increasing your rates because your  
17 ridership keeps going like this, getting smaller and  
18 smaller. You could do that with street cars. I  
19 don't know that you can do that with water.

20 Now we have -- anyway, I'll leave it at  
21 that. I think there was another question.

22 MR. SAMALIS: Just a quick question.  
23 Comment. Mike.

24 I'm curious how the \$650,000 in debt  
25 affected the purchase price of the resort. The

1 investors have an expectation of achieving future  
2 returns on their money, the concealment of that debt  
3 as part of the purchase of the resort I feel is a  
4 detriment to the ratepayers. And I feel that  
5 deception, if you will, resulted in unknown financial  
6 gain to the resort. And they are all one in the same  
7 entity. It's all the same group. It's the same  
8 people. They were just a separate LLC. So we never  
9 knew that it was massive amount of debt building up  
10 under Redstone, and then it was swept under the  
11 purchase price of the resort.

12 How -- so why are we responsible for  
13 \$650,000? And how that purchase price of the resort  
14 -- I'm unclear.

15 COMMISSIONER TIERNEY: Did you have  
16 something you were going to say factual about this?

17 MR. COMMONS: I was going to ask a  
18 clarifying question. I'm not certain what  
19 concealment you're referring to. The debt has been a  
20 matter of public interest.

21 MR. SAMALIS: To my knowledge they did  
22 not have any debt. All of a sudden when we are  
23 looking for this rate increase, it comes to light  
24 there was \$650,000 of debt. So they bought the water  
25 system for a dollar. Plus 650k in debt. It should

1 have been a dollar. That's it. Not 650k attached to  
2 us.

3 COMMISSIONER TIERNEY: You mean a  
4 dollar, that's it? Not \$650,000 of debt that was  
5 unknown to you?

6 MR. SAMALIS: Right. We were told at  
7 the last hearing there was \$650,000 in debt, and that  
8 came right from the owners to say they absorbed that  
9 debt as part of the purchase price of the resort. So  
10 why are we responsible for the \$650,000? It's still  
11 a 50-year-old system been paying the rates. Where  
12 did that money go?

13 COMMISSIONER TIERNEY: So let me mirror  
14 that back to you for a moment. What I hear you  
15 saying is that your understanding of the facts now is  
16 that there was a \$650,000 loan fact of which you,  
17 representative of the public, did not know in  
18 relation to the transfer of the system from the prior  
19 owners to the present owners for a nominal value of  
20 one dollar.

21 That issue would have to be the matter  
22 of a record, meaning a venture that was developed in  
23 relation to the sale. Because that went through the  
24 PUC, it was reviewed and approved. So that is the  
25 kind of thing that if we go back and look at and see

1           whether the evidence was presented, it's just that  
2           the public was thinking of other things at the time,  
3           not following blow by blow what was going on in the  
4           PUC proceeding, or whether that record did not in  
5           fact reflect on that fact.

6                           And that helps us again better  
7           understand what the theory ought to be about who  
8           should bear what costs here. I have to tell you  
9           honestly, again listening to the things I'm hearing  
10          tonight, that there are aspects of this case where my  
11          staff is going to have to do some thinking about how  
12          it fits with the regulatory system. Because some of  
13          the questions you're asking, let's just say for the  
14          sake of discussion that there were fraud involved.  
15          And I'm saying literally hypothetically speaking,  
16          because I have no basis for saying that there in fact  
17          was fraud. If so, a fraudulent issue is not  
18          necessarily something that can be addressed by the  
19          Public Utility Commission in a rate case. It perhaps  
20          could be addressed elsewhere.

21                           And what we would be trying to do in  
22          the rate case is at least clarify factual record  
23          about some of these things so that other folks can be  
24          thinking and acting on the next steps if they are  
25          duly supported by the evidence. I know that's a lot

1 of gobbledygook, but what you're putting your finger  
2 on is a very serious matter. And therefore, it is in  
3 need of serious examination, and it is especially  
4 important not to over promise or over represent what  
5 is possible.

6 I'm done. And you have your hand up.

7 MS. MURPHY: And my question may be for  
8 you because you were speaking to this a little bit  
9 earlier. But I'm sure, Geoff, you can also respond.  
10 So I'm curious when -- so when the rate structure's,  
11 you know, when if it's looked at again, do they -- I  
12 mean how does the fixed versus variable cost like  
13 play -- do you have any say over that or who makes  
14 those decisions?

15 COMMISSIONER TIERNEY: Do you mean who  
16 decides what is a fixed and what is a variable cost  
17 or --

18 MS. MURPHY: And what that looks like.  
19 Is it really up to the utility to present, you know,  
20 something to you, and you all decide whether or not  
21 it's reasonable? Or are there some kind of rules  
22 around what that looks like?

23 COMMISSIONER TIERNEY: We do not decide  
24 that. What happens is the kind of thing that you're  
25 talking about if I'm not mistaken, Geoff, correct me

1 if I am wrong, that gets examined in the rate design  
2 case; is that correct?

3 MR. COMMONS: Correct.

4 COMMISSIONER TIERNEY: The company  
5 would present its proposed rate design. The  
6 Department would look at that and then make its own  
7 assessment of what the rate design ought to be.

8 There is a process called cost  
9 allocation study that is done in some cases. I would  
10 hesitate to say that there would be a cost allocation  
11 study done in this case because don't forget, you  
12 have a small system, and so costly things have to be  
13 used advisedly, and cost allocation studies have been  
14 costly. That's another way of saying how much does  
15 it cost to do these cases, that too gets rolled into  
16 the rates. So there is a desire to keep those costs  
17 within reason too.

18 In any event, after the Department has  
19 proved and tested the proposed rate design of the  
20 company, the Department puts on its version of what  
21 it thinks the rate design ought to be. And then it's  
22 the Public Utilities Commission that makes the  
23 decision --

24 MS. MURPHY: Okay.

25 COMMISSIONER TIERNEY: -- about what is

1 going to, in fact, be ordered.

2 MS. MURPHY: So it sounds like in a way  
3 it's a joint effort between both entities. Or maybe  
4 it's a debate. I don't know.

5 COMMISSIONER TIERNEY: It really  
6 depends on whether the case has to be contested or  
7 not.

8 MS. MURPHY: Okay.

9 COMMISSIONER TIERNEY: If it's  
10 contested, it's because your advocates can't get to a  
11 place where they are comfortable that the facts as  
12 presented by the company are reliable, or that it's a  
13 fair and just assessment of what the rate design  
14 ought to be. So in the first instance, we do try to  
15 work with the company, as you've heard the regulators  
16 talking about tonight, and principally what's driving  
17 that is the recognition that when you fight about it,  
18 sometimes you have to -- because that's -- sometimes  
19 that is the only way, but when you fight about it,  
20 it's costly.

21 And again those litigation costs get  
22 routed right back into your rates. So if in our,  
23 what I'm going to generously call our expert  
24 judgment, I believe in the expertise of my agency,  
25 but I can understand your patience with us has been

1 tested, but if in our expert judgment settlement is  
2 not reasonable, then we have that fight. And then it  
3 gets contested. I hope that answers your question.

4 MS. MURPHY: It helps certainly.

5 COMMISSIONER TIERNEY: Carol, is there  
6 anyone who hasn't had a chance to speak tonight who  
7 makes -- want to make sure they get that opportunity.

8 MS. GEILER: I just want to say one of  
9 the things I find frustrating it feels like some of  
10 the agencies you operate in silos. They're making an  
11 annual report to you where they are telling you that  
12 they are trucking water, you see it on the annual  
13 report. It's there. And then they don't know about  
14 it. Like there is a disconnect there.

15 COMMISSIONER TIERNEY: Yeah. I think I  
16 can relate to that. You know, I remember very well  
17 talking to FEMA, and talking to ANR, and talking to  
18 tax attorneys, and talking to the Governor's office,  
19 and talking to my spouse, and talking to hydro  
20 fluvial morphologist guys and trying to get my own  
21 situation squared away with Irene. And I can  
22 appreciate where you're coming from.

23 Some of what you're putting your finger  
24 on, Christie, is a legacy of systems that grew up  
25 before -- before what we take for granted today is

1 shared knowledge. But let me put it to you this way.  
2 ANR is a partner with the Department in dealing with  
3 this rate case. And the information is certainly  
4 getting shared now. I think we have had some very  
5 constructive and beneficial conferences. At least --  
6 and so certainly since I've been involved and before  
7 as well.

8 So I think you can have confidence that  
9 information is getting shared now. But I can  
10 appreciate that your point goes to the lack of  
11 sharing before. You know, and I think that's a fair  
12 critique. And hopefully one that are better -- our  
13 better access to information through better  
14 technology will increasingly eliminate.

15 MS. HAYES: I guess I'm just confused  
16 if the rates aren't increased, and I know there is a  
17 lot of increases, but aren't we just going to have to  
18 take out more loans? And then aren't we forever  
19 going to be paying back those loans? Like it is  
20 probably going to fall on us as homeowners. Like  
21 where is the money coming from? I guess that's what  
22 I'm confused about.

23 MR. COMMONS: Let me say that all of  
24 the debt that this water system -- this water company  
25 has, has come through the state revolving loan fund,

1 has been reviewed by the experts at the Department of  
2 Environmental Conservation, and have been approved by  
3 the Public Utility Commission. So that was -- I mean  
4 has been known, and those debts were incurred for the  
5 same reason, to provide -- to try to get the system  
6 or keep the system in a condition where it can  
7 provide safe and reliable service. So the debts have  
8 been known and reviewed and approved. I'm not sure I  
9 totally have your question in mind.

10 COMMISSIONER TIERNEY: The question is  
11 to intergenerational equity. What you're asking is  
12 aren't we going to have to pay all this debt.

13 MS. HAYES: I'm kind of more worried  
14 about the big picture maybe of not having water in  
15 general. I don't know if that's answered I guess.

16 MR. COMMONS: I hope that that won't  
17 happen.

18 MS. HAYES: Who is paying for it? Yes,  
19 the increase sucks for sure, but so does my daughter  
20 not being able to use my house. You know, what's the  
21 future here?

22 COMMISSIONER TIERNEY: Part of the rate  
23 design goes to trying to set rates so that they are  
24 equitable and manageable in time. And in most  
25 utility scenarios, you're talking about long-term

1 planning horizons, long-term payback horizons that we  
2 don't relate to. The longest that you can take out  
3 in your life is a mortgage. 30 years. Right?

4 And so one of the regulatory principles  
5 that work in a rate design is this concept of  
6 intergenerational equity and trying to keep the costs  
7 as best as you can matched to the individuals who are  
8 benefitting from the service. But that match is not  
9 necessarily three years or five years such that the  
10 payback on the loan has become so burdensome that you  
11 basically can't cap -- can't do it with design with  
12 just and reasonable rates.

13 So that doesn't give you the answer of  
14 what exactly are we getting done, but is there an  
15 end? Yes. There is a certain capital amount  
16 expensed. There is a certain interest rate I assume,  
17 Neil, that's imposed on that loan. And there is a  
18 certain limited period of time in which that loan has  
19 to be paid back. But whether that falls on you, or  
20 it falls on Karene, depending on whether you're still  
21 living there or not, those are the kind of variables  
22 in the picture.

23 MS. GRECHEN: Just to clarify, I think  
24 you were saying more like if we don't have a rate  
25 increase the debt's going to just get bigger and

1 bigger and bigger.

2 MS. HAYES: I'm wondering where the  
3 money is going.

4 MS. GRECHEN: It's down the line.

5 MS. HAYES: This bill, that's  
6 humongous, if it's a rate increase, or Bolton Valley  
7 Water and Sewer has to increase our rate. You know,  
8 our bill because of the loan we hold. Anyways. I  
9 don't know. I guess I'm confused why it's all about  
10 the rate increase and not -- give me the works, you  
11 know?

12 COMMISSIONER TIERNEY: I understand. I  
13 think what you're really asking is either which way  
14 we pay, whether we pay for an increased rate because  
15 the cost of getting the service have been assessed at  
16 a certain level. Or whether we are paying because  
17 the component of debt in the rate has been -- has  
18 grown because borrowings have been used to pay for  
19 making the system viable as opposed to collecting a  
20 rate that has been sized a certain way to make enough  
21 revenue available so that more debt isn't necessary  
22 to pay for operating and maintaining the system.

23 And I'm not an accountant, I apologize,  
24 but I will say that there is a distinction between a  
25 capital cost and an operation and maintenance cost.

1 And from what I could see on this graph tonight is A,  
2 at the moment we are talking about operation and  
3 maintenance, and in the long term we are talking  
4 about capital expenditures which would be incurring  
5 more debt.

6 And part of the regulatory review  
7 process is to ensure that those two types of expenses  
8 stay balanced and matched to the resources of the  
9 system so that the utility doesn't go bankrupt. And  
10 so what I'm trying to say is there is this regulatory  
11 process by which those expenditures are set in order  
12 to achieve a certain thing, which is you get safe and  
13 reliable service, and you get charged a just and  
14 reasonable rate for the provision of that service.  
15 And it seems to me pretty clear what's happened here  
16 is per whatever the reasons may be, there wasn't a  
17 sufficient investment in the system.

18 And if I'm understanding my colleagues  
19 from ANR correctly, there may not have been the  
20 fulsome understanding what the system needed in order  
21 to make the investments in order to have a reliable  
22 system today. I'm getting a reminder time signal.

23 MS. FLINT: You picked up on that so  
24 quickly.

25 COMMISSIONER TIERNEY: I'm forever

1 going overtime. I love the public. And I have very  
2 deep affection and concern for folks like you because  
3 I know you rely on folks like us to help translate  
4 this to your interest. And so it's painful, and if  
5 it's painful to me and my staff to hear you tonight,  
6 it helps me imagine how painful it is for you to live  
7 it, and therefore how angry you are.

8 I said at the outset that we are here  
9 tonight to tell each other our truths, and one of the  
10 hard truths inescapable that I have to tell you is  
11 there is no cost-free fix here. So the least we can  
12 do is try to assure that there is a fair cost fix.  
13 And some of that does at least beg the question of  
14 who ought to bear some of these costs. I can  
15 understand why you're asking those questions. Back  
16 to you.

17 MS. FLINT: Thank you. It was a nice  
18 wrap up actually. Neil, Geoff, do you have any next  
19 steps that you want to identify, or do you just want  
20 me to bring this to a close?

21 MR. COMMONS: I will -- I guess the  
22 only thing I would say is that we are in this  
23 litigation process, this rate case. And in the  
24 process of discovery, which for people not familiar  
25 with legal terminology, we ask the company questions

1 about their filing, about pretty much anything, about  
2 the operation management, financial status of this  
3 company.

4 And this session has been extremely  
5 helpful, and as the public hearing was in giving me  
6 things to ask, things that I need to inquire further  
7 into, things that I need to think about more, that we  
8 collectively need to think about more and get to the  
9 bottom of it, try to find better answers than we have  
10 been able to give.

11 MR. KAMMAN: Yes. For our part,  
12 hopefully we are able to impart a little bit better  
13 understanding of the condition of the system, but  
14 also just to let you know that, you know, our  
15 information is a matter of public record. You are  
16 welcome to give us a call and ask questions. We will  
17 help you out.

18 Might not be able to spend an hour  
19 and-a-half on the phone to talk about things  
20 associated with this rate case, but if you need any  
21 technical information, our staff is here. They are  
22 excellent, as I think you've surmised. And you know,  
23 our purpose here is to get you water that is safe and  
24 get you enough water to be operating with.

25 MS. FLINT: Thank you both. So as far

1 as next steps for closing this up, we hope to be able  
2 to post the transcript end of next week. Go to the  
3 Department of Public Service website. If you  
4 received an email from me, you have my email address.  
5 I will respond to you. So you can send me a note if  
6 you need the link, or if you have any questions about  
7 anything.

8 We will also put the photographs of the  
9 charts on the site as well. And I'll help you find  
10 it. Let's see.

11 So I wanted to just thank you again.  
12 As Geoff said, you've given us a lot to think about  
13 and consider. And to remember that any rate case  
14 that you might be impacted by, your electric bill, we  
15 want to hear all of those kinds of comments. It  
16 helps us understand what's going on. So --

17 COMMISSIONER TIERNEY: Carol, could I  
18 just add one thing? Have any of you been posting  
19 your comments with the Public Utilities Commission?  
20 Through ePUC? I see two heads nodding. Anybody  
21 else?

22 MS. GEILER: I've been waiting to  
23 collect all my thoughts.

24 COMMISSIONER TIERNEY: Well, you know,  
25 I was their General Counsel for many years. And I

1 could tell you that they constantly go back to see  
2 what new ones have come in. So sometimes what  
3 happens to me is I wait too long for it all to  
4 collect. Feel free to pass it in piecemeal. It will  
5 get to them, and more importantly it puts the  
6 pressure on them to inquire as well.

7 MS. FLINT: And really the sooner, and  
8 you don't have to just save it all up for one big  
9 post. You can do a little one, another one.

10 MS. GEILER: Okay.

11 MS. FLINT: You can make multiple  
12 comments, and the sooner you do that, the more  
13 beneficial it is for the attorney on the case because  
14 it can help inform those discovery questions which is  
15 when we really get to dig in.

16 COMMISSIONER TIERNEY: And the Public  
17 Utilities Commission it helps them understand why the  
18 Department's looking at a broader scope of issues in  
19 the case.

20 MS. FLINT: And the directions for how  
21 to do that are on this handout.

22 MS. MURPHY: Carol, can I ask? I think  
23 there were a few things that came up tonight that  
24 couldn't be answered. How will we hear back about  
25 that? Is there a way that that's going to be

1           communicated?

2                       MS. FLINT: They were captured in the  
3 transcript. And then this team will review the  
4 transcript, and I know I saw Geoff taking notes. I  
5 didn't look to see what Neil was doing.

6                       MR. KAMMAN: I got a few notes.

7                       MS. FLINT: But I expect that that will  
8 be part of the case moving forward.

9                       MS. MURPHY: Would it be posted in the  
10 same place? I guess that's what I am asking.

11                      MS. FLINT: The transcript will include  
12 everything in terms of our next steps. I can't say.  
13 It depends on the nature of the question and the  
14 legality. Remember I said I'm not an engineer. I'm  
15 not a lawyer.

16                      COMMISSIONER TIERNEY: Let me respond  
17 to that a little bit, Megan. What I cannot say  
18 tonight is we will be sending a letter that says  
19 Megan asked these questions. Because a lot of your  
20 questions -- a lot of questions are thematic or what  
21 we call alternate questions. Judge, don't you think  
22 based on this, X, Y, Z should happen? And then the  
23 answer to that is ultimately will be a conclusion  
24 that the Public Utilities Commission decides, not the  
25 Public Service Department. But what you can be sure

1 is that you will see those questions reflected in the  
2 case.

3 So for instance, you can follow the  
4 testimony that gets filed in the case by checking it  
5 out in ePUC. You can also call us and ask us, hey,  
6 can you point us to the testimony. You will see the  
7 arguments that we make. And then I would expect that  
8 you would see a public comments section, if not in  
9 our testimony, our brief, and at least in the PUC's  
10 order where they are making sure they heard the  
11 comments. So make sure you put public comments in  
12 with them. Geoff, has the public hearing already  
13 been convened in this case?

14 MR. COMMONS: Yes. There has been a  
15 public hearing.

16 COMMISSIONER TIERNEY: If these  
17 concerns were not brought up then, I imagine some of  
18 them were certainly, you should follow up with your  
19 comments. So I hope that's given you a direct answer  
20 even if it's not the answer you want.

21 MR. MURPHY: I was just curious because  
22 I think especially at the times when, you know, a  
23 person said well I can't answer that right now. As  
24 to how -- so it sounds like in the case transcript  
25 that --

1 COMMISSIONER TIERNEY: Either in the  
2 transcript or in the testimony or in the briefs, and  
3 it's not going to be Megan asked this question.

4 MS. MURPHY: Of course not. No, I  
5 understand.

6 MS. FLINT: Way more obscure.

7 COMMISSIONER TIERNEY: Obscure isn't  
8 the word I would have used. But it will be  
9 reflective. But we will have lots of questions, and  
10 if there is the question here or there that is more  
11 specifically a factual issue and something we need  
12 that we didn't have here, we can look at it.

13 MS. MURPHY: Okay. Thank you.

14 MS. FLINT: Thank you all for sticking  
15 with it until the very bitter end.

16 (A document was marked Exhibit A for  
17 identification.)

18 (Whereupon, the proceeding was  
19 adjourned at 8:13 p.m.)  
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C E R T I F I C A T E

1  
2  
3 I, Kim U. Sears, do hereby certify that I  
4 recorded by stenographic means the Public Hearing re:  
5 Case No. 18-0726-INV at the Smilie Memorial School, 2712  
6 Theo Roosevelt Highway, Bolton, Vermont, on June 14, 2018,  
7 beginning at 6 p.m.

8 I further certify that the foregoing  
9 testimony was taken by me stenographically and thereafter  
10 reduced to typewriting and the foregoing 105 pages are a  
11 transcript of the stenograph notes taken by me of the  
12 evidence and the proceedings to the best of my ability.

13 I further certify that I am not related to  
14 any of the parties thereto or their counsel, and I am in  
15 no way interested in the outcome of said cause.

16 Dated at Williston, Vermont, this 20th day  
17 of June, 2018.

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