

**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

DW 15-209

LAKES REGION WATER COMPANY, INC.

SETTLEMENT AGREEMENT

I. INTRODUCTION

This Settlement Agreement ("Agreement") is entered into this 17th day of May 2017, by and among Lakes Region Water Company, Inc. ("Lakes Region" or "Company"), the Office of the Consumer Advocate ("OCA"), and the Staff ("Staff") of the New Hampshire Public Utilities Commission ("the Commission"), collectively (the "Settling Parties"), with the intent of resolving the issues discussed herein. This Settlement Agreement constitutes the recommendation of the Settling Parties with respect to the Commission's determination of the reconciliation of the difference between temporary and permanent rates authorized in Order No. 25,969 and the rate case expenses to be recovered in this matter.

II. PROCEDURAL BACKGROUND

On November 28, 2016, the Commission issued Order No. 25,969 approving a settlement agreement dated October 5, 2016 between Lakes Region, Staff and the OCA resolving Lakes Region's request for a permanent rate increase in this proceeding (the "Permanent Rates Settlement Agreement"). The Permanent Rates Settlement Agreement approved a permanent rate increase "equal to the previously approved temporary rate increase" (Page 4) on a service rendered basis as of September 14, 2015. Because the temporary rates were approved on January 29, 2016, the Permanent Rates Settlement Agreement authorized Lakes Region to implement a surcharge and collect an amount equal to the difference between permanent rates

approved by the Commission as of the effective date of September 14, 2015 and the revenues that were actually collected by the Company during the temporary rate period. The Permanent Rate Settlement Agreement also authorized Lakes Region "to recover its reasonable rate case expenses for this proceeding through a surcharge... [which] may include, but are not limited to, its legal and consultant expenses, as well as its incremental administrative expenses such as copying and delivery charges." Pages 7 to 8.

On December 28, 2016, the Company submitted its proposed surcharge to recover the revenues the Company would have collected had the agreed upon level of permanent rates been in effect for service rendered after September 14, 2015 and its reasonable rate case expenses incurred in bringing this proceeding. Lakes Region sought a temporary/permanent rate reconciliation of \$38,575.31 and rate case expenses totaling \$135,460.13.

On February 24, 2017, Staff filed its recommendation supporting the Company's request to recover \$38,575 as the revenue differential between temporary and permanent rates but recommended recovery of \$90,000 in rate case expenses. Lakes Region reiterated its request for the full amount of rate case expenses incurred in a letter filed on March 7, 2017.

On March 13, 2017, Lakes Region submitted a request for a hearing to demonstrate that its proposed recovery of rate case expenses was just and reasonable and in the public interest. The Commission granted the request for a hearing on April 6, 2017. On May 2, 2017, Lakes Region filed documentation of its rate case expenses incurred as of March 30, 2017, in the amount of \$137,711.

On May 8, 2017, the Commission conducted a hearing on the recovery of rate case expenses at which the Company, its counsel, Staff and counsel for Indian Mound Property

Owners Association were present. At the conclusion of the hearing, the Commission announced that it would take the matter under advisement.

Prior to the hearing on May 8, 2017, Lakes Region and Staff discussed whether a potential settlement agreement but were unable to reach agreement. Following and in light of the Commission's hearing on May 8, 2017, the Settling Parties continued those discussions and negotiated the terms contained in this Settlement Agreement.

III. TERMS OF AGREEMENT

The Settling Parties recommend that the Commission approve the following terms:

Reconciliation of Temporary and Permanent Rates – The Settling Parties agree that the permanent rate increase shall be effective on a service-rendered basis as of September 14, 2015, in accordance with Commission Order No. 25,862. In order to reconcile the revenue difference between temporary rates and permanent rates, the Settling Parties agree that a surcharge should be implemented by Lakes Region in order to collect an amount equal to the difference between the revenues the Company would have collected had the agreed upon level of permanent rates been in effect for service rendered on and after September 14, 2015, and the actual revenues collected at the temporary rate level actually in effect. The agreed upon amount is \$38,575 as requested by the Company and supported in Staff's recommendation.

Rate Case Expenses – The Settling Parties agree that Lakes Region should be allowed to recover \$120,000 in rate case expenses for this proceeding through a surcharge to rates. The Settling Parties further agree that the amount to be recovered by Lakes Region is just and reasonable and in the public interest pursuant to Puc 1906.01.

Reconciliation & Effective Date – The sum of the reconciliation charges and rate case expenses total \$158,575. The Settling Parties agree that such amounts shall be collected by the

imposition of a surcharge over 8 billing quarters. The Settling Parties agree that the effective date for the implementation of the temporary/permanent rate reconciliation and rate case expenses shall be for service rendered on or after the date of the Commission's final order approving this Settlement Agreement and/or ruling on a motion to approve same.

IV. CONDITIONS

This Settlement Agreement is expressly conditioned upon the Commission's approval of all its provisions, without change or condition. If such approval is not granted, the Settlement Agreement shall be deemed to be null and void and without effect, and shall not be admissible as evidence or used against any party. The Commission's acceptance of this Settlement Agreement does not constitute continuing approval of, or precedent regarding, any particular principle or issue in this proceeding, but such acceptance does constitute a determination that the revenue requirement and rates recommended by the Settlement Agreement are just and reasonable.

The discussions that produced this Settlement Agreement have been conducted on the understanding that all offers of settlement relating thereto are and shall be confidential, shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used for any purpose.

This Settlement Agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all counterparts together shall constitute a single agreement.

IN WITNESS WHEREOF, the Settling Parties have caused this Settlement Agreement to be duly executed in their respective names by their agents, each being fully authorized to do so on behalf of their principal.

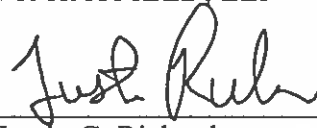
LAKES REGION WATER CO., INC.

By its Counsel

UPTON & HATFIELD, LLP

Dated: May 17, 2017

By:



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Dated: May 17, 2017

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Dated: May 17, 2017

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