



Marcia A. Brown
Attorney at Law

Environmental Law ■ Utility Law

November 29, 2018

Debra A. Howland, Exec. Director
N.H. Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

NHPUC 3DEC'18AM11:53

Re: Docket No. 17-165
Abenaki Water Company, Inc. – Rosebrook Division
Permanent Rate Proceeding
Company Response to Intervenors’ Comments

Dear Director Howland:

Abenaki Water Company, Inc. (“Abenaki” or “Company”) is in receipt of a position statement filed by the Bretton Woods Property Owners Association, Rosebrook Association, and Forest Cottage Association, and dated November 26, 2018. The record in this proceeding for additional comments is closed but in the interest of completeness, Abenaki wishes to briefly respond as if the intervenors had raised these positions at hearing.

The intervenors object to the settlement. As the Commission is aware, under RSA 541-A:31, V(a) and Puc 203.20(b), the Commission may consider a settled disposition of a contested case. The Commission has a long-standing policy of encouraging parties to settle issues where, as was the case in the instant docket, the settlement is a better alternative to litigation. Abenaki believes a settlement was appropriate especially in light of the fact that two hired experts offered competing opinions on what the return on equity (“ROE”) range should be. The settling parties were able to agree on an overall revenue requirement that included a calculation of a ROE within that disputed range. In doing so, the Settling Parties helped to avoid additional rate case expenses, which is beneficial to customers.

The intervenors expressed concern that the fixed water charge increased by 51.36 percent and that increasing the fixed charge does not promote water conservation. Abenaki, and the Office of the Consumer Advocate (at Hearing Transcript of 11/8/18 at 75), believe the proposed volumetric/fixed rates and monthly billing send the appropriate conservation price signals to customers. As the Commission is aware, the vast majority of costs to provide water service to customers are fixed costs. To reflect such full costs in rates, however, would cause the fixed charge to increase even further than the settlement rate. Rate design is a balance of many competing objectives, including the objectives raised by the intervenors but Abenaki notes that annual customer bills are still exceedingly low at just \$279.12 (Exh. 9, Att. B, Sch. 4). Abenaki believes the rates proposed by the Settling Parties achieve the right balance at this time, are just and reasonable, and ought to be approved.

With respect to the intervenors' position that they were surprised to learn of the settlement, the settlement was presented at the Settlement Conference which was open to all parties. Furthermore, Bretton Woods Property Owners Association stated at hearing that it chose not to sign the settlement agreement (Hearing Transcript at 123) because it objected to certain terms. The intervenors' complaint of surprise is muted by the fact that they had an opportunity to participate in the settlement and voice their concerns at the hearing.

Although the intervenors' instant comments are after the close of the record, the Company does not object to the Commission considering the comments so long as the Company is afforded the right to comment as it ordinarily would have had at hearing.

Thank you in advance for your consideration of the Company's response.

Very Truly Yours,



Marcia A. Brown

cc: Docket-Related Service List