

April 30, 2020

Ms. Debra A. Howland

Executive Director

New Hampshire Public Utilities Commission

21 South Fruit Street, Suite 10

Concord, New Hampshire 03301

Re: Docket No. DW 17-165 –Abenaki Water Company-Rate Case Expenses

Dear Ms. Howland

Please be advised that the Bretton Woods Property Owners (“BWPOA”) submits the following written closing arguments following the P.U.C. meeting on Thursday April 23, 2020 in the above docket. We do not think that Abenaki has proved that the expenses are actual, reasonable, and in the public interest.

1. Exhibit 25- We have an over-arching question as to whether it’s appropriate for a publicly traded holding company to be allowed to recover for executive compensation when customers are already paying for salaries through rates. Executive Compensation is most likely salaried and exempt from overtime compensation. Therefore these amounts are **not actual** incremental expenditures. Therefore we do not believe it is appropriate to allow recovery for such amounts charged by NESC to a directly wholly owned subsidiary.

2. There are also individual items in the Rate Case Expenditures documentation submitted by Abenaki in Exhibits 21 and 24. These raise significant questions such that we believe NESC charges and allocations should not be allowed for Rate Recovery. Specifically, we believe the following charges are **not reasonable**:

- Exhibit 24 page 37- NESC invoice charges Abenaki on the rate case at a rate of \$79.12 on 5/31/2019. As confirmed during testimony on April 23,2020 that hourly charge annualizes to \$164,570/year for SF, “Controller” (based on 2080 hours/year).We believe that is an excessive charge rate for a small water holding company with 9,392 customers and \$7,084,735 in revenues (2018 Consolidated Annual Report for NESC).
- Exhibit 24 page 35-The same individual noted above was invoiced at a rate of \$65.25 one month earlier in the 4/30/2019 invoice. As confirmed during testimony on April 23, 2020 that represents an increase in the charge rate of 21% in one month. We believe that is an excessive increase that should not be allowed for Rate Case Recovery. As we pointed out in our oral closing arguments we believe that is extremely excessive increase especially considering that labor rates have increased approximately 3% during this time (Bureau of Labor statistics CPI increase-labor). Abenaki has argued that there

were increases in other costs but has offered absolutely no detail or proof of these statements.

- Exhibit 24 page 36- NESC invoice charges Abenaki for “PD” at a rate of \$44 on 5/31/2019. As testified that hourly charge annualizes to \$91,520/year for a customer service/accounting manager. We believe that is an excessive charge rate for a customer service manager of a small water holding company with 9,392 customers and \$7,084,735 in revenue (2018 Consolidated Annual Report for NSC).
- Exhibit 24 page 34 –The same individual noted above was invoiced one month earlier at a rate of \$37.79 on 4/30/2019. As testified this represents a 17% increase from the rate charged one month earlier. We believe that is an excessive increase that should not be allowed for Rate Case Recovery. As we pointed out in our oral closing arguments we believe that is extremely excessive increase especially considering that labor rates have increased approximately 3% during this time (Bureau of Labor statistics CPI increase-labor). Abenaki has argued that there were increases in other costs but has offered absolutely no detail or proof of these statements.
- Exhibit 24 page 14-NESC charges Abenaki “overhead allocations” for the Rosebrook Rate Case”. As overheads are already built in to the hourly charges per the affiliate agreement and revenue requirements we do not believe this should also be allowed for Rate Case Recovery.

3. Finally, we believe that charges or other allocations from New England Service Company (“NESC”) for Recovery of Rate Case Expenditures are **not in the public interest** for the following reasons:

- NESC already charges Abenaki on a daily/monthly and occurrence basis for many items as specified in the affiliate agreement dated April 1, 2018.
- The affiliate agreement is between NESC and its wholly owned subsidiary Abenaki Water Company. As such it certainly is not an “arm’s length” negotiation. In fact the same individual recently signing on behalf of NESC signed on behalf of Abenaki in earlier years.

Sincerely,

Paul Mueller