
Experience of Howard Solganick, P. E.

Howard Solganick has been actively engaged in the utility industry for over 45 years. His experience spans consulting engagements, business development, and significant utility operating positions. As a Principal at Energy Tactics & Services, Inc., he is responsible for business development, engagement management, and execution. He has led and/or participated in consulting projects to develop, design, optimize and implement both traditional utility operations and e-commerce businesses such as energy retailing. Mr. Solganick has structured operating elements and business ventures; negotiated high value medium- and long-term contracts; and implemented business systems, operating functions, and profit centers. He has assisted new entrants to develop products and services for introduction to the utility and energy marketplace. He has also acted as an expert witness and arbitrator in a number of utility and regulatory areas and has extensive experience in regulatory relations.

Key Areas of Expertise

- Operating responsibility and expert testimony in utility planning and operations including rate design and cost of service, tariff administration, generation and power procurement, transmission, distribution and customer service operations, capacity and system planning, and regulatory issues
- Operational reviews and expert testimony for outage management, emergency restoration and planning, customer communications, material and support logistics, restoration effectiveness and associated costs
- Pre-audit counseling, management audit planning and implementation, and post audit tracking and regulatory relations
- Management consulting for utilities, energy trading and production companies, contact (call) center providers, financial institutions, manufacturers, software providers, and retailers
- Regulatory relations and management for high profile situations – transmission line siting and approvals, power plant siting and certificate of need processes, and potential mass outages
- Arbitration and mediation for high dollar value energy dispute resolution

Selected Professional Experience

Rates & Regulatory

As a consultant for a New England Public Utilities Commission, reviewed the emergency planning process of a major electric utility acted as a subject matter expert in the areas of communications (internal, external, call center, social media, governmental and regulatory affairs, major customers), logistics (lodging, materials and staging) and other areas.

As a consultant for an Eastern Public Utility Commission performed an operational audit of emergency restoration after both a major hurricane and a major winter storm that affected all (four) of the state's major investor owned utilities. Covered corporate, internal and external communications; materials management and support services; planning and training; customer service; system operations and dispatch; and other operational areas.

As a consultant for a Southwestern electric utility impacted by a major hurricane that affected over 90% of the utility's customers, provided a reasonableness opinion covering the utility's emergency response plan and restoration operations, which was derived from a full operational audit.

As a consultant for a New England Public Utilities Commission, performed regulatory audits of an electric utility and a focused audit of a new customer service and billing installation. Covered system operations, engineering, capital budgeting, construction management, demand side management programs, marketing and community relations.

As a consultant for a Midwestern Public Utilities Commission, performed regulatory audits related to a filed rate case for three investor owned gas utilities. Covered load and revenue forecasting, capital budgeting, and construction management.

As a consultant for a Caribbean utility, examined the utility's performance and costs and provided expert testimony for a regulatory appeal of the costs and rate recovery involved under a performance based multi-year ratemaking environment.

As an electric utility's special projects manager, created the utility's process for responding to the state's first legislatively mandated management audit. Developed a series of processes to coordinate, track, document, and respond to sensitive issues on an expedited basis. Coordinated the pre-audit process throughout the utility.

For an electric utility, developed and justified the conversion of emergency operations from a decentralized to a centralized model that funded a company-wide digital communications system entirely from operating savings and efficiency.

For a major municipal gas utility, assisted senior and operating management to prepare for a mandated management audit. Provided interview training and other support.

As an operating manager for an Eastern utility, obtained regulatory approvals for a 230 kV transmission line and three major substations during a period of high public concern over EMF.

As a utility's operational planner, coordinated and had significant impact on load forecasting, demand side management, customer generation and its application to utility operations, utility owned and independent generation, transmission and distribution planning, and customer service performance levels. Consulted and provided expert testimony on these interrelated areas.

As a consultant to the Commissioners and Staff of an Eastern Public Service Commission, provided analysis and support covering cost of service, revenue allocation, rate design, the impact of a revenue decoupling mechanism, and considerations needed when equalizing rate of return between classes and other issues for an electric utility rate case (four times). Also provided similar services for a gas utility rate case and follow-up support during a phase two investigation of certain rate design and tracking account issues.

As a consultant to the Staff of the Public Service Commission of an Western state, provided analysis; rate case testimony; and settlement negotiation support covering cost of service, revenue allocation, rate design, the impact of a revenue decoupling mechanism, and considerations needed when equalizing rate of return between classes and other issues for three electric utilities.

As a consultant to the Staff of the Public Service Commission of an Eastern state, provided analysis; rate case testimony; and settlement negotiation support covering cost of service, revenue allocation, rate design, the impact of a revenue decoupling mechanism, and considerations needed when equalizing rate of return between classes and other issues for a gas utility.

As a consultant to the People's Counsel of an Eastern state, provided analysis; rate case testimony; and settlement negotiation support covering cost of service, miscellaneous revenue, the impact on risk of revenue normalization, and considerations needed when equalizing rate of return between classes and other issues for a gas utility.

As a consultant to the Office of Consumer Advocate of an Eastern state, provided analysis; rate case testimony; and settlement negotiation support covering cost of service, demand analysis, and considerations needed when equalizing rate of return between classes and other issues for a water utility.

As a consultant to the Public Advocate of a New England state, analyzed the economic impact and operational aspects of a cast iron gas main replacement program including the development of an economic model and participation in a technical conference proceeding.

As a consultant to a Midwestern City, provided analysis and rate case testimony covering cost of service for district heating service.

As a consultant to the Attorney General of a Midwestern state, provided analysis and testimony addressing the proposed sale of a utility-owned cogeneration facility and the long-term implications of the sale on customers.

As a consultant to the Attorney General of a Midwestern state, provided analysis and rate case testimony covering cost of service modeling as well as considerations needed when equalizing rate of return between classes and other issues.

As a consultant to the Attorney General of a Midwestern state, provided support in a Commission ordered collaborative addressing cost of service modeling and filing requirements.

As regulatory manager for a New Jersey utility, was responsible for regulatory liaison and rate design for all customer classes including cost of service and tariff design. Provided expert testimony on rate design, load research, economic impacts, and all PURPA issues.

As a utility's project manager, led the filing of New Jersey's first Notice of Intent for a Certificate of Need for a combined cycle power plant. Working with the regulatory commission, the utility developed its filing as the Commission was simultaneously developing its procedures and processes.

Arbitration

As the sole arbitrator, presided over an issue of energy price escalation with a value of over \$1M annually. The arbitration included case management, discovery, depositions, extensive document exchange, six witnesses and a full briefing process. As defined in the parties' initial power purchase agreement, the arbitrator had to render a fully-detailed decision in order for the parties to continue their business relationship for the eight years remaining under the agreement.

As chairman of a panel of three arbitrators, was instrumental in the parties resolving a landlord tenant dispute over electrical sub-metering. The amount in question exceeded \$750,000.

Operations and Customer Service

As a consultant for a Northwestern electric utility, performed an operational audit of the emergency restoration after a large windstorm that affected 70% of the utility's customers. Covered corporate, internal and external communications; materials management and support services; planning and training; customer service; service contract management; system operations and dispatch; and other operational areas.

As a consultant for a Midwestern electric utility, performed an operational audit of the emergency restoration after three large storms affected most of the utility's customers. Covered corporate, internal and external communications; materials management and support services; planning and training; customer service; service contract management; system operations and dispatch; and other operational areas.

As a lead consultant for an Eastern electric utility, supported a two-year effort to maintain and grow large, key commercial and industrial accounts. Allied responsibilities included the development of business models, negotiating positions, operations and support services for field forces, and regulatory support. This project resulted in the long-term retention of a significant majority of the client's top 20 customers for periods of from five to twelve years.

For a million+ customer North American public power company, managed (and acted as a subject matter expert) a call center performance review leading to a major consolidation of 28 sites into four physical call centers. A follow-on engagement developed the implementation plan covering emergency response issues, human resources, customer care, new infrastructure, and network integration.

On special assignment, structured and performed distribution operations analyses including an evaluation of emergency operating and response capabilities.

As an emergency assignment, acted as special liaison between system operations and customer communications to avert significant customer disruptions due to a potential system failure.

Business Planning and Implementation

For two utility clients, acted as project manager and subject matter expert on a joint client-consultant team comprised of 40 people. The engagement included customer management systems, contact (call) centers, new products and services, technology planning, and financial modeling of the venture. This project resulted in the creation of a new business entity for the energy industry, which included retail energy supply.

For an energy conservation company, assisted the internal staff in defining their business model, implementing their Internet-based marketing and service delivery platform, defining the relationship with key allies,

negotiating performance contracts, and performing design reviews as needed. Key issues included a timely implementation plan.

Vendor Services

For the export development agency of a European government, developed and presented a symposium on the North American utility industry and the means and methods to approach and succeed in the marketplace.

For a Pacific rim utility, developed and presented a symposium on the valuation and acquisition of North American generation assets and the means and methods to approach and succeed in the marketplace.

For a high-technology transmission and distribution equipment supplier, supported an effort to accelerate market acceptance of the product. Analyzed the technology, application and marketing approach. Results included an in-depth analysis of a key stumbling block inhibiting early entry into a key candidate utility.

For a major financial institution, acted as project manager and subject matter expert to refine and implement a new inclusive consumer billing medium for energy retailers. The engagement included the definition of the value chain, regulatory impacts, and the development of a marketing strategy as well as a marketing implementation plan.

For a major call center provider, acted as the liaison with energy retailers seeking to outsource their call and contact center function. Also established business models, performance standards, fulfillment arrangements, pricing, emergency operating response, and contractual arrangements.

Energy Supply

For four years, performed a process review and developed and executed a procurement process for electric supply in a deregulated environment for a residential real estate holding company.

For a commercial real estate management company, performed an evaluation of a distributed generation proposal including a site survey, cost benefit analysis, and detailed operational and contract review.

For an independent power producer, developed new projects and acquisitions, negotiated power purchase agreements, energy services agreements, fuel supply issues, site leases, and analyzed project financial positions. Successfully negotiated one of the first competitively bid power sales agreements with a public power entity and obtained the first IRS private letter ruling for a tax-exempt independent power financing.

As operating manager for a New Jersey utility, negotiated over 800 MW of power purchase agreements with an aggregate value of over \$9 billion, including developing significant dispatchability provisions. Obtained required regulatory approvals in record time.

As an operating manager for a utility, managed PJM Interconnection power purchase (interchange) pricing, performance testing of power plants, and contract management of the company's unregulated cogeneration contract with the DuPont Company.

Working in conjunction with a major energy producer and refiner, acted as project manager for a cogeneration facility study for a major refinery, which led to the construction of a 60 MW facility.

For a public power utility consortium, examined forward looking marketing and financial plans, confirmed direction with the Board of Directors, assisted senior management to revise its strategic and operational plans, and presented a recommendation for the future actions of the enterprise for consideration by the Board of Directors. Specific results included the revitalization of the existing management team, the Board of Directors' adoption of that team's strategic plan with a commitment to move forward, and the immediate authorization of bonuses for the management team for its efforts.

Testimony filed by Mr. Solganick

Before the Arizona Corporation Commission

- Arizona Public Service – Docket No. E-01345A-11-0224
- Tucson Electric - Docket No. E-01933A-19-0028
- Tucson Electric - Docket No. E-01933A-12-0291
- UNS - Docket No. E-04204A-12-0504

Before the Delaware Public Service Commission

- Delmarva Power & Light Company - Docket No. 10-237
- Delmarva Power & Light Company - Docket No. 09-227T
- Delmarva Power & Light Company - Docket No. 09-414
- Delmarva Power & Light Company - Docket No. 06-284

Before the Georgia Public Service Commission

- Atlanta Gas Light Company - Docket No. 31647
- Atmos Energy Corporation - Docket No. 27163

For a Jamaican Electricity Appeals Tribunal

- In the matter of an Appeal by the Jamaica Public Service Company Limited from a Determination by the Office of Utilities regulation from the Z-factor Adjustment (Multiple year ratemaking process) from Hurricane Ivan Recovery Costs Determination

Before the Maine Public Utilities Commission

- Northern Utilities, accelerated cast iron replacement program - Docket No. 2005-813

Before the Maryland Public Service Commission

- Chesapeake Utilities Corporation - Case No. 9062
- Baltimore Gas & Electric's capacity procurement plans, 1993

Before the Michigan Public Service Commission

- Consumers Energy Company – Case No. U-15320
- Consumers Energy Company - Case No. U-15245
- Consumers Energy Company - Case No. U-15190
- Consumers Energy Company - Case No. U-15001
- Consumers Energy Company - Case No. U-14981
- Consumers Energy Company - Case No. U-14347

Before the Missouri Public Service Commission

- Veolia Energy Company - Case No. HR-2011-0241
- AmerenUE Storm Adequacy Review (July 2008, no docket listed)

Before the Nebraska Public Service Commission

- Black Hills Nebraska Gas, LLC – Docket No. NG-109

Before the Commissioners of the New Jersey Board of Public Utilities (NJBPU)

- NJBPU Atlantic Electric Rate Case - Phase II, Docket # 7911-951

Before the New Jersey Division of Administrative Law (at the request of the NJBPU)

- Cogeneration and Alternate Energy - Docket # 8010-687
- PURPA Rate Design and Lifeline - Docket # 8010-687
- Atlantic Electric Rate Case - Phases I & II, Docket # 822-116
- Power Supply Contract Litigation - Wilmington Thermal Systems, Docket # 2755-89

Before the Public Utilities Commission of Ohio

- Columbus Southern Power Company - Case No. 08-917-EL-SSO
- Cleveland Electric Illuminating Company and Toledo Edison Company - Case No. 07-551-EL-AIR

Before the Pennsylvania Public Utility Commission

- American Water Company - Docket No. R-2010-2166210
- American Water Company - Docket No. 2008-232689
- York Water Company - Docket No. R-00061322

Before the Public Utility Commission of Texas

- Application of CenterPoint Energy Houston Electric LLC for Determination of Hurricane Restoration Costs - Docket No. 36918

Professional Credentials and Activities

Professional Engineer (inactive in Pennsylvania and New Jersey)
Past member of New Jersey Board of Regulatory Commissioners Advisory Council on Electricity Planning and Procurement
Past President of the Mid Atlantic Independent Power Producers, a trade organization
Past member of the Electric Power Research Institute's Planning Methods Committee
Commercial Arbitrator - American Arbitration Association
Professional Planner (Land Use) in New Jersey (inactive)
Past Chair Middletown Township (PA) Planning Commission
Chairman (past), Egg Harbor Township (NJ) and member (past), Raritan Township (NJ) Zoning Board of Adjustment
Author, Energy Pulse Article – Why Won't You Listen to the Actresses?

Education

Drexel University (evening program), MS in Engineering Management, minor in Law
Carnegie Mellon University, BS in Mechanical Engineering, minor in Economics
Planning, Zoning and Land Use Courses - Rutgers University, PA Governor's Center for Local Government Services and Lorman Education Services
Arbitration and Mediation Training Courses - American Arbitration Association
Essentials of Emergency Preparedness - PA AWWA

The Hampstead Area Water Company, Inc.

DW 20-117

Date Request Received: 06/16/21

Date of Response: 07/01/21

Request No. Steele 3-7

Witness: Charlie Lanza

Bates 152 – DF 1

Maintenance of Hydrants shows \$6,569 for test year of 2019 as well as “Proposed Rate Year” with no recommended “Adjustments to Test Year.”.

- a) What is the yearly maintenance procedure per hydrant in Atkinson and Hampstead?
- b) How many man-hours per hydrant for annual maintenance?
- c) Typically, what is the cost of replacement parts during the annual maintenance?
- d) For the 123 hydrants in 2019, what was the overall cost of replacement parts for annual maintenance?
- e) How many man-hours per hydrant for the 5 year flow test?
- f) Typically, what is the cost of replacement parts during the 5 year flow test?
- g) For the 123 hydrants in 2019, what was the overall cost of replacement parts for the 5 year flow testing?
- h) Please provide the records of all hydrant maintenance in 2019.
- i) Please provide the flow rates for all Hampstead and Atkinson hydrants?
- j) What other maintenance was performed on hydrants in 2019?

RESPONSE STEELE 3-7:

- a) Yearly maintenance consists of periodic flushing, winterizing the hydrants which consists of pumping them down each fall and exercising the valve, trimming around the hydrants, and periodically painting them.
- b) It’s estimated that each hydrant takes 1-2 hours per year of routine maintenance.
- c) Typically hydrants are only repaired when something breaks due to an auto accident or during operation. Costs can range from a few hundred dollars for a simple repair to \$5,000+ for a full replacement.
- d) The company spent \$6,569 for maintenance of hydrants in 2019.
- e) The Company does not perform a “5 year flow test”. See attached for ISO reports for both Atkinson and Hampstead which is the most recent flow data. Note that these flow figures do not reflect the new Atkinson Tank, Westside Dr. Treatment Station, or any other system upgrades since 2019. Also, note that we do not flow all hydrants to obtain current flow rates on a yearly basis. Typically we flow a handful of hydrants per year at the request of the Fire Departments, developers, or for our own information.
- f) See response to c.
- g) See response to e .

- h) In 2019 all hydrants that needed paint were painted, trimmed, winterized, and repaired if needed. Costs related to 2019 maintenance are attached,
- i) See attached for ISO reports for both Atkinson and Hampstead which is the most recent formal flow data. Note that these flow figures do not reflect the new Atkinson Tank, Westside Dr. Treatment Station, or any other system upgrades since 2019. Also, note that we do not flow all hydrants to obtain current flow rates on a yearly basis. Typically we flow a handful of hydrants per year at the request of the Fire Departments, developers, or for our own information.
- j) All hydrants were painted, and grass was trimmed in 2019.



1000 Bishops Gate Blvd. Ste 300
Mt. Laurel, NJ 08054-5404

t1.800.444.4554 Opt.2
f1.800.777.3929

December 23, 2019

Mr. David Cressman, Administrator
Atkinson
21 Academy Ave
Atkinson, New Hampshire, 03811

RE: Atkinson, Rockingham County, New Hampshire
Public Protection Classification: 06/6Y
Effective Date: April 01, 2020

Dear Mr. David Cressman,

We wish to thank you and Mr. Michael Murphy for your cooperation during our recent Public Protection Classification (PPC) survey. ISO has completed its analysis of the structural fire suppression delivery system provided in your community. The resulting classification is indicated above.

If you would like to know more about your community's PPC classification, or if you would like to learn about the potential effect of proposed changes to your fire suppression delivery system, please call us at the phone number listed below.

ISO's Public Protection Classification Program (PPC) plays an important role in the underwriting process at insurance companies. In fact, most U.S. insurers – including the largest ones – use PPC information as part of their decision-making when deciding what business to write, coverage's to offer or prices to charge for personal or commercial property insurance.

Each insurance company independently determines the premiums it charges its policyholders. The way an insurer uses ISO's information on public fire protection may depend on several things – the company's fire-loss experience, ratemaking methodology, underwriting guidelines, and its marketing strategy.

Through ongoing research and loss experience analysis, we identified additional differentiation in fire loss experience within our PPC program, which resulted in the revised classifications. We based the differing fire loss experience on the fire suppression capabilities of each community. The new classifications will improve the predictive value for insurers while benefiting both commercial and residential property owners. We've published the new classifications as "X" and "Y" – formerly the "9" and "8B" portion of the split classification, respectively. For example:

- A community currently graded as a split 6/9 classification will now be a split 6/6X classification; with the "6X" denoting what was formerly classified as "9."
- Similarly, a community currently graded as a split 6/8B classification will now be a split 6/6Y classification, the "6Y" denoting what was formerly classified as "8B."

- Communities graded with single “g” or “8B” classifications will remain intact.
- Properties over 5 road miles from a recognized fire station would receive a class 10.

PPC is important to communities and fire departments as well. Communities whose PPC improves may get lower insurance prices. PPC also provides fire departments with a valuable benchmark, and is used by many departments as a valuable tool when planning, budgeting and justifying fire protection improvements.

ISO appreciates the high level of cooperation extended by local officials during the entire PPC survey process. The community protection baseline information gathered by ISO is an essential foundation upon which determination of the relative level of fire protection is made using the Fire Suppression Rating Schedule.

The classification is a direct result of the information gathered, and is dependent on the resource levels devoted to fire protection in existence at the time of survey. Material changes in those resources that occur after the survey is completed may affect the classification. Although ISO maintains a pro-active process to keep baseline information as current as possible, in the event of changes please call us at 1-800-444-4554, option 2 to expedite the update activity.

ISO is the leading supplier of data and analytics for the property/casualty insurance industry. Most insurers use PPC classifications for underwriting and calculating premiums for residential, commercial and industrial properties. The PPC program is not intended to analyze all aspects of a comprehensive structural fire suppression delivery system program. It is not for purposes of determining compliance with any state or local law, nor is it for making loss prevention or life safety recommendations.

If you have any questions about your classification, please let us know.

Sincerely,

Alex Shubert

Alex Shubert
Manager -National Processing Center

cc: Mr. Charlie Lanza, General Manager, Hampstead Area Water Company
Mr. Michael Murphy, Chief, Atkinson Fire Department
Mr. Douglas Mullin, Police Chief, Plaistow Police Department



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March 30, 2020

Mr. Chad Bennett, Chairman
Hampstead
11 Main St
Hampstead, New Hampshire, 03841

RE: Hampstead, Rockingham County, New Hampshire
Public Protection Classification: 05/5Y
Effective Date: July 01, 2020

Dear Mr. Chad Bennett,

We wish to thank you and Mr. Michael Carrier for your cooperation during our recent Public Protection Classification (PPC) survey. ISO has completed its analysis of the structural fire suppression delivery system provided in your community. The resulting classification is indicated above.

If you would like to know more about your community's PPC classification, or if you would like to learn about the potential effect of proposed changes to your fire suppression delivery system, please call us at the phone number listed below.

ISO's Public Protection Classification Program (PPC) plays an important role in the underwriting process at insurance companies. In fact, most U.S. insurers – including the largest ones – use PPC information as part of their decision-making when deciding what business to write, coverage's to offer or prices to charge for personal or commercial property insurance.

Each insurance company independently determines the premiums it charges its policyholders. The way an insurer uses ISO's information on public fire protection may depend on several things – the company's fire-loss experience, ratemaking methodology, underwriting guidelines, and its marketing strategy.

Through ongoing research and loss experience analysis, we identified additional differentiation in fire loss experience within our PPC program, which resulted in the revised classifications. We based the differing fire loss experience on the fire suppression capabilities of each community. The new classifications will improve the predictive value for insurers while benefiting both commercial and residential property owners. We've published the new classifications as "X" and "Y" — formerly the "9" and "8B" portion of the split classification, respectively. For example:

- A community currently graded as a split 6/9 classification will now be a split 6/6X classification; with the "6X" denoting what was formerly classified as "9."
- Similarly, a community currently graded as a split 6/8B classification will now be a split 6/6Y classification, the "6Y" denoting what was formerly classified as "8B."

- Communities graded with single "g" or "8B" classifications will remain intact.
- Properties over 5 road miles from a recognized fire station would receive a class 10.

PPC is important to communities and fire departments as well. Communities whose PPC improves may get lower insurance prices. PPC also provides fire departments with a valuable benchmark, and is used by many departments as a valuable tool when planning, budgeting and justifying fire protection improvements.

ISO appreciates the high level of cooperation extended by local officials during the entire PPC survey process. The community protection baseline information gathered by ISO is an essential foundation upon which determination of the relative level of fire protection is made using the Fire Suppression Rating Schedule.

The classification is a direct result of the information gathered, and is dependent on the resource levels devoted to fire protection in existence at the time of survey. Material changes in those resources that occur after the survey is completed may affect the classification. Although ISO maintains a pro-active process to keep baseline information as current as possible, in the event of changes please call us at 1-800-444-4554, option 2 to expedite the update activity.

ISO is the leading supplier of data and analytics for the property/casualty insurance industry. Most insurers use PPC classifications for underwriting and calculating premiums for residential, commercial and industrial properties. The PPC program is not intended to analyze all aspects of a comprehensive structural fire suppression delivery system program. It is not for purposes of determining compliance with any state or local law, nor is it for making loss prevention or life safety recommendations.

If you have any questions about your classification, please let us know.

Sincerely,

Alex Shubert

Alex Shubert
Manager -National Processing Center

cc: Mr. Charlie Lanza, General Manager, Hampstead Area Water Company
Mr. Christopher Schofield, Communications Supervisor, Londonderry Fire Department
Mr. Michael Carrier, Chief, Hampstead Fire Department

The Hampstead Area Water Company, Inc.

DW 20-117

Date Request Received: 03/18/21

Date of Response: 03/24/21

Supplemental Response: 04/01/2021

Request No. Staff TS 1-7

Witness: John Sullivan

Staff TS 1-7

Referencing the Proposed Permanent Rates Tariff pages for Municipal Fire Protection Service, Bates 107 and 108, and Schedule 5 of the Attachments of Mr. David Fox, Bates 157

If the Company's proposed permanent rates were allowed to go into effect, according to the Company, the impact to the two Municipal Fire Protection customers would be an increase of approximately 600% to the per-hydrant charge and a decrease of 100% to the annual availability charge, resulting in a net increase of approximately 500%+. Given that this represents a significant increase, please present detailed proposals of how the Company can mitigate the possible rate shock to those customers. Please supply supporting calculations.

RESPONSE TS 1-7:

Still looking into different scenarios. The company will respond by 4/1/21 as agreed to between counsel.

SUPPLEMENTAL RESPONSE TS 1-7:

Please see the attached file "TS 1-7 – Fire Hydrant Tax Effect". There are 2 worksheets in the file – one for Atkinson and one for Hampstead.

In summary - the Atkinson sheet shows the total tax revenue (budget) for the 2019 year for Atkinson (\$17,403,211). This amount is from the NH DRA website (see attached file "TS 1-7 – 2019 Town Taxes"). The total proposed increase in fire service fees for Atkinson is \$90,644 (based on 2019 hydrants in service). The spreadsheet also shows that HAWC's real estate taxes to Atkinson will increase by approximately \$60,252 due to work being placed in service related to the Southern NH Water Project (tank, pump station, etc).

This is a net effect to the Town of \$30,392 (\$90,644 less \$60,252). This net increase of \$30,392 is only 0.175% of the Town's 2019 budget. It would increase the Town's 2019 tax rate by \$0.03 from \$17.67 to \$17.70.

The worksheet on Hampstead similarly shows that the net cost to Hampstead is \$35,862 which is only 0.13% of the town's 2019 budget of \$27,599,122. The proposed increase would raise the town's 2019 tax rate by \$0.03 from \$20.99 to \$21.02.

The increases proposed by the Company are relatively minor (0.175% and 0.13% of the towns' budgets) and do not place an overwhelming burden to the taxpayers of either town.

**KAREN STEELE RESPONSES TO DEPARTMENT'S DATA REQUESTS –
TESTIMONY OF KAREN STEELE**

**Hampstead Area Water Company
DW 20-117**

Date Request Received: 1/5/2022 **Date of Response: 1/21/2022**
Request No. DOE 1-1 **Witness: Karen Steele**

REQUEST:

Re: Page 2, Line 14-15

Please explain the source for the additional cost of \$100,000 per year to the Town of Atkinson. Is this different than the amount based upon the calculations presented by the Company in its response to DOE TS 1-7?

RESPONSE:

In the 2019 Test year, Atkinson had 76 Fire Hydrants. Atkinson paid an annual fee of \$2,000 plus \$200/hydrant.

Fire Chief has indicated that there are 81 active hydrants plus 3 more on East Road as it connects to Plaistow.

84 hydrants x \$1,219 (\$1,419-\$200) = \$102,396. Subtract \$2,000 annual fee = \$100,396.

Monthly Water Bills have 3 components:

- Monthly Base Rate
- Fire Protection Monthly Fee
- Volume Usage Fee

I received copies of 5 HAWC water bills to the Town of Atkinson due May 30, 2021. These are summarized in attachment = Town Increases. I believe we have more than 5 town usage sites and so there may be more bills of which I did not receive a copy.

Since this was April usage, it's conservative to multiply it by 12 for annual estimates.

Total Bill = \$400.90
Bill with Permanent Rate Increase = \$521.85.
Delta = \$120.95 x 12 months = \$1,451.40

\$100,396 + \$1,451.40 = \$101,847.40

A second method of estimating Monthly Bill Increase is using the overall 30.17% increase.

Per 2019 Town Annual Report, we paid HAWC \$22,978.27.
Less the \$17,200 (76 X \$200 + \$2,000) for hydrants = \$5,786.27.
\$5,786.27 x 0.3017 = \$1,715.72

HAWC's response to DOE TS 1-7

HAWC only estimates increase due to hydrants to be \$90,644

HAWC estimates an increased tax payment to the town of \$60,252.

Assets to be built by HAWC in Atkinson:		
Tank		1,597,603
West Side Dr		1,314,140
Chloramine Upgrades		968,000
Total New Plant		3,879,743
2019 Utility Tax Rate		15.53
New Taxes Paid by HAWC to Atkinson		60,252

From looking at actual HAWC taxes paid, that number has materialized – only 50% (~\$30,000) of their estimate.

Year Taxes Paid by HAWC

2017	\$30,414
2018	\$32,853
2019	\$30,942
2020	\$60,099
2021	\$62,753

<https://nhtaxkiosk.com/?KIOSKID=ATKINSON>

HAWC underestimated cost to town and overestimated their increased taxes to the town. They show an increase to the town of \$90K - \$60K in taxes = \$30K. My estimates show over \$100K - \$30K in taxes = \$70K.