



September 30, 2022

By email (ClerksOffice@puc.nh.gov)

Chairman Daniel C. Goldner
NH Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

RE: The Hampstead Area Water Company, Inc. - DW 20-117
Request for Change In Rates
Response to DOE report - temp-to-perm recoupment for private fire protection

Dear Chairman Goldner;

The Hampstead Area Water Company, Inc. (HAWC) submits the following in response to the New Hampshire Department of Energy's Staff's (NH DOE) report submitted to the Commission on September 30, 2022. HAWC supports all of the items in NH DOE's report other than recoupment from residential private fire protection customers for the difference between temporary rates and permanent rates. For this issue only HAWC submits the following in support of its request for such recoupment.

In DW 06-155, Order No. 24,747, the NHPUC approved charging commercial fire protection customers and not charging residential fire protection customers. In DW 20-117 HAWC hired a cost of service expert to review and develop a basis in which to allocate costs to various classes of customer including residential fire protection customer. As part of the original filing, based on the cost of service study, HAWC proposed new private fire protection rates based on pipe size. Also, as part of the original filing, HAWC proposed temporary rates but did not propose any changes to the rate structure since the cost of service study had yet to be reviewed, the overall revenue requirement for permanent rates had not been determined, and that the parties agreed that the cost of service was more appropriate for the permanent phase of the proceeding.

While HAWC agreed with that approach, HAWC anticipated that once the overall revenue requirement for permanent rates were determined that such rates would apply to residential fire protection customers going back to the temporary rate date. Subsequently, the NHDOE hired its own cost of service expert to review HAWC's cost of service expert's cost of service study. After much review, and some changes, the NHDOE's cost of service expert, the NHDOE and other parties agreed that the cost of service study is a reasonable guideline for cost-based rates. The NHPUC approved the revenues and rates in Order No. 26,635 dated June 2, 2022.

It should be noted that residential fire protection customers have benefited for a number of years by not paying for such service. It should also be noted that the parties agreed and recommended that the temporary to permanent rate recoupment apply only to the time from the effective date of temporary rate (June 30, 2021) through the date of the Commission order approving the Settlement Agreement, permanent rate revenue requirement and the resulting permanent rates. There was no exception made for residential fire protection customers.

The company believes that the residential fire protection plant is used and useful, and the company's request for temporary to permanent rate recoupment from private fire protection customers is just and reasonable. Finally, if such recoupment is not collected from private fire protection customers, then it will leave the company with a shortfall that would require collection from other customers. For these reasons the company believes application of the residential fire protection rate going back to the temporary rate date is in the public interest.

Very truly yours,

/s/ Anthony S. Augeri

Anthony S. Augeri
General Counsel