



December 19, 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 (HAWC), Inc. - DW 20-117
Revised Step One (1) Final Costs and Schedules Filing with agreed upon adjustments

Dear Chairman Goldner:

On June 10, 2022 the NHPUC issued revised Order No. 26,635. In the Settlement section C. Step Adjustments I and II, it states

“The Settling Parties agreed on a proposed Step I adjustment based on: (1) post-test year plant additions placed in service in 2020, including plant additions related to the SNHRW Project; (2) the Company’s purchase of Manchester Source Development Charge (MSDC) capacity credits from Manchester Water Works in 2020, which is added to rate base as a deferred debit and amortized over 39 years, the remaining life of the SNHRW Project contract; and (3) various other operating income adjustment.

The Settling Parties further agree that the Company may file its Step 1 petition after June 20, 2022, and that the resulting rates, subject to Commission approval, will be effective no earlier than December 16, 2022.

Once filed, the DOE Audit Division will review and submit a report to the parties in this docket. The DOE and other parties to the docket will then review the filing and resulting calculation with the Company and submit a report to the Commission recommending a final revenue requirement increase and resulting rates.

The Settling Parties also agree that the proposed Step I adjustment, subject to review by the DOE Audit Staff and the Settling parties, will result in an increase not to exceed \$258,450 in the Company revenue requirement, utilizing a rate of return of 4.50%. The Company’s rate base will increase by no greater than \$2,368,015 for a total not to exceed \$7,660,606.”

NHPUC Order 26,635 also states, based on the foregoing, it is hereby

“FURTHER ORDERED, that HAWC shall file a petition for the proposed Step 1 Adjustment ... no sooner than June 20, 2022, to be reviewed in a separate proceeding with the participation of the New Hampshire Department of Energy.”

The DOE Audit Division reviewed the Company's filing and the supporting documents and issued a FINAL Audit Report on October 11, 2022.

On November 9, 2022 the DOE issued the first set of data requests pertaining to the Step Adjustment. The Company responded to the data requests on November 21, 2022. On November 29, 2022 the DOE issued supplemental data requests. The Company responded to the supplemental data requests on December 8, 2022.

On December 13, 2022 the parties participated in a technical session. During the technical session the parties reviewed the step adjustment filing and agreed to make three adjustments pertaining to financing costs, depreciation / amortization of CIAC rates and local property taxes. Based on the three agreed upon adjustments, the Company agreed to revise its Calculation of the Step Adjustment.

Attached please find Summary of Changes to original Calculation of Step Adjustment and the **Revised** Calculation of Step Adjustment and supporting schedules based on the three agreed upon adjustments. HAWC files its revised Step 1 Final Cost and schedules in Excel format. The schedules support an increase greater than the “not to exceed \$258,450.” As such, HAWC respectfully request an increase of \$258,450. With HAWC's request for an increase of \$258,450, HAWC respectfully request the Step I rates shown in the Settlement Agreement on page 10. The Step I rates are further supported by HAWC COSS reviewed by the parties and approved by the Commission.

The Company and the NHDOE agree that the revised Final Costs and schedules support the Company requests for a step increase of \$258,450.

If you have any questions, please do not hesitate to contact me. Thank you for your assistance with this matter.

Very truly yours,

/s/ Anthony S. Augeri

Anthony S. Augeri
General Counsel

TA/ht

Enclosures.

e cc: service list