

**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

HAMPSTEAD AREA WATER COMPANY, INC.

DW 20-117

Request for Change in Rates

SETTLEMENT AGREEMENT – TEMPORARY RATES

This Settlement Agreement – Temporary Rates (Settlement Agreement) is entered this 19th day of May 2021, by and among the Staff of the Commission participating in this proceeding (Staff), the Office of the Consumer Advocate (OCA), and the Hampstead Area Water Company, Inc. (HAWC or the Company) (collectively, the Settling Parties and Staff), in order to set temporary rates for the Company, pursuant to RSA 378:27. The Settling Parties and Staff agree to this joint submission to the Commission to seek its approval as resolution of the issues specified herein only. This Settlement Agreement shall not be deemed an admission by the Settling Parties and Staff that any allegation or contention in this proceeding is true and valid. This Settlement Agreement shall not be deemed to foreclose the Settling Parties and Staff from taking any position in any future proceedings. The Settling Parties and Staff agree that this Settlement Agreement should be admitted as a full exhibit and be given whatever weight the Commission deems appropriate.

I. INTRODUCTION AND PROCEDURAL HISTORY

HAWC is a regulated public utility defined by RSA 362:2 and 362:4 and provides water service to approximately 3,620 customers in the communities of Atkinson, Chester, Danville, East Kingston, Fremont, Hampstead, Kingston, Newton, Nottingham, Plaistow, Salem, Sandown, and Strafford. On July 23, 2020, HAWC filed a Notice of Intent to File Rate

Schedules. On September 22, 2020, the Commission granted the Company's Motion to Withdraw Notice of Intent to File Rate Schedules, Without Prejudice, filed the day prior. On September 28, 2020, HAWC filed a new Notice of Intent to File Rate Schedules.

On November 24, 2020, the Company filed its rate schedules and supporting documentation, based on a 2019 test year, which included a Motion for Protective Order and Confidential Treatment, proposed revised tariff pages, proposed temporary tariff pages, and a proposed Water Infrastructure and Conservation Adjustment mechanism. HAWC proposed to increase its annual revenues on a permanent basis by a total of \$1,523,330.00, or 77.41%, to a total revenue requirement of \$3,848,758.00. The Company also proposed, among other things, an inclining block volumetric rate.

For temporary rates, the Company proposed an increase of its current volumetric rate of \$6.11 per hundred cubic feet (ccf) per month to \$7.22 per ccf per month.

The Commission issued an Order Suspending Proposed Tariffs and Scheduling Prehearing Conference, Order No. 26,437, on December 18, 2020, which the Company published on its website that same day. On February 22, 2021, the Company filed an Assented-To Motion to Allow Additional Customer Notice and Extend Deadline to Intervene, which the Commission granted by Secretarial Letter dated March 3, 2021. An affidavit of mailing of said additional notice occurring on March 5, 2021, was filed On March 17, 2021.

The Company replaced its rate case schedules with a searchable PDF format on March 11, as requested during the February 10, 2021, Prehearing Conference. A proposed procedural schedule was filed by Staff on March 11, 2021, and approved by the Commission on March 18. On April 9, the Commission granted the following five petitions for intervention: the Town of Hampstead; the Town of Danville; the Town of Atkinson; Sarah Theriault; and Karen Steele.

After discovery and multiple technical sessions, the Settling Parties and Staff reached an agreement on temporary rates, as evidenced below.

II. STIPULATED TERMS

- A. Temporary Rate Increase – The Settling Parties and Staff agree that, in accordance with RSA 378:27, temporary rates, based on the books and records on file with the Commission, be set by a 12.31% increase to the Company's 2019 annual water sales revenue. The proposed 12.31% adjustment equates to a \$248,960 increase in the Company's 2019 annual water sales revenue. Based upon the Company's annual filings, as of end of December 2019, Staff determined that the Company's rate of return is 1.46%, below its most recently approved rate of return of 6.35%. *See Hampstead Area Water Company, Inc.*, Order No. 26,195 at 3 (November 28, 2018) (calculating the rate of return at 6.35%). As such, the Settling Parties and Staff agree that HAWC is under earning and is entitled to a temporary rate increase.
- B. Resulting Temporary Customer Rates – The Settling Parties and Staff agree that the following temporary rates, based upon the proposed increase in the Company's annual water sales revenue, are just and reasonable. The Settling Parties and Staff agree that all the current permanent rates shall be temporarily increased as follows, reflective of the 12.31 % increase in 2019 annual water sales revenue:

1. General Service Metered Rates (monthly):

<u>Meter Size</u>	<u>Base Charge</u>	<u>Consumption Rate (per ccf)</u>
5/8" meter	\$11.23 (from \$10.00)	\$6.74 (from \$6.11)
3/4" meter	\$22.46 (from \$20.00)	\$6.74 (from \$6.11)
1" meter	\$33.69 (from \$30.00)	\$6.74 (from \$6.11)
1 1/2" meter	\$67.38 (from \$60.00)	\$6.74 (from \$6.11)
2" meter	\$112.31 (from \$100.00)	\$6.74 (from \$6.11)

2. Atkinson and Hampstead Municipal Fire Protection Service Rates (annual):

Annual Hydrant Charge: \$224.62 (from \$200.00)

Annual Availability Fee: \$2,246.20 (from \$2,000.00)

3. General Private Fire Protection Service Rates (annual fee, billed quarterly):

<u>Meter Size</u>	<u>Base Charge</u>
5/8" meter	\$112.31 (from \$100.00)
3/4" meter	\$224.62 (from \$200.00)
1" meter	\$449.24 (from \$400.00)
1 1/2" meter	\$673.86 (from \$600.00)
2" meter	\$1,684.65 (from \$1,500.00)

C. Effective Date – The Settling Parties and Staff agree that the effective date for these temporary rates should be the earlier of June 30, 2021, or the date the Commission issues an order on temporary rates, on a service-rendered basis.

D. Reconciliation – The Settling Parties and Staff agree that temporary rates will be subject to reconciliation pursuant to RSA 378:29, effective the earlier of June 30, 2021, or the date the Commission issues a temporary rate order, after the final determination of rates in this docket.

- E. Compliance Tariff – The Settling Parties and Staff agree that, provided the Commission approves the proposed Settlement Agreement, the Company will submit compliance tariffs within 10 days after the issuance of a Commission Order.

III. MISCELLANEOUS

- A. This Settlement Agreement is expressly conditioned upon the Commission's acceptance of all its provisions, without change or condition. If the Commission does not accept the Settlement Agreement in its entirety, without change or condition, or if the Commission makes any findings that go beyond the scope of this Settlement Agreement, and the Settling Parties and Staff are unable to agree with said changes, conditions or findings, the Settlement Agreement shall be deemed to be withdrawn and shall not constitute any part of the record in this proceeding and shall not be used for any other purpose.
- B. The Settling Parties and Staff agree that the Commission's acceptance of the Settlement Agreement does not constitute continuing approval of, or precedent for, any particular issue in this proceeding other than those specified herein.
- C. This Settlement Agreement may be executed in multiple counterparts, which together shall constitute one agreement.

IN WITNESS WHEREOF, the signatories below have executed this Settlement Agreement,
each being fully authorized to do so, as of the day indicated below.

The Hampstead Area Water Company, Inc.
By its Attorney,

Date: 5/19/2021

/s/ Anthony S. Augeri

Anthony S. Augeri, Esq.

Staff of the New Hampshire Public Utilities Commission
By its Attorney,

Date: 5/19/2021

/s/ Christopher R. Tuomala

Christopher R. Tuomala, Esq.

Office Of The Consumer Advocate
By its Attorney,

Date: 5/19/2021

/s/ Christa Shute

Christa Shute, Esq.