

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket DW 20-156

Pennichuck East Utility, Inc.
Request for Change in Rates

SETTLEMENT AGREEMENT ON TEMPORARY RATES

I. INTRODUCTION

This settlement agreement (Agreement) is entered into by and between Pennichuck East Utility, Inc. (PEU, or the Company); Staff of the New Hampshire Public Utilities Commission participating in this proceeding (Staff); the Office of the Consumer Advocate (OCA); the Towns of Londonderry, Litchfield, Pelham, and Hooksett (the Towns); Robert Corcoran; and Richard M. Husband (together, Settling Parties).

II. BACKGROUND

On September 23, 2020, PEU filed its Notice of Intent to file rate schedules with the New Hampshire Public Utilities Commission (Commission). The Commission acknowledged this filing and opened the instant docket on September 25, 2020.

On November 23, 2020, PEU filed tariff schedules for effect thirty days later, on December 24, 2020. PEU also filed testimony and supporting materials in accordance with PART Puc 1604, as well as a petition to modify its ratemaking structure. PEU explained in its filing that, based on the rate-making methodology approved in Docket DW 17-128 and inclusive of the North Country Capital Recovery Surcharge (NCCRS) and Qualified Capital Project Adjustment Charge (QCPAC), PEU's 2019 pro forma test year revenue needs were \$10,715,419 but its actual revenues were only \$8,819,088. In light of the disparity between actual revenues

and revenues needed to pay its operating expenses and to meet its financial commitments, PEU filed a petition for temporary rates in the event the Commission suspended the taking effect of PEU's requested permanent rate tariffs. Specifically, PEU sought a 15% temporary rate increase, to be effective December 24, 2020, upon approval of PEU's permanent rate request. The Company proposed to implement the temporary rate increase uniformly across all customer classes, with no changes in rate design for those temporary rates.

On November 25, 2020, PEU posted to its website a full copy of its rate filing, tariffs, and temporary rate request, with supporting testimony. Also on that date, PEU posted on its website Answers to Frequently Asked Questions regarding its rate filings. On December 10 and 11, 2020, PEU mailed to each customer actual notice of the rate filing and proposed rates.

On December 11, 2020, the Office of the Consumer Advocate (OCA) filed its notice of participation.

On December 17, 2020, the Commission issued Order No. 26,436, suspending the taking effect of PEU's tariffs. The Commission ordered PEU to publish the order on its web site. The Commission also ordered that any intervention requests be filed no later than January 22, 2021. The Towns of Londonderry, Litchfield, Pelham, and Hooksett (Towns); Ralph G. Boehm; Thomas Boutilier; Christopher E. Burns; Marc Cloutier; Robert Corcoran; Nicole Fordey; Richard M. Husband; Richard Lascelles; Andrew D. Myers; and Mark Vandendyke filed petitions to intervene prior to that deadline. Ms. Fordey subsequently withdrew her intervention.

On December 18, 2020, PEU published the Commission's order on its website and filed with the Commission proof of its posting.

The Commission held a prehearing conference on January 27, 2021 and took all petitions to intervene under advisement. In a technical session following the prehearing conference, Staff,

PEU, the OCA, and intervenors developed a proposed procedural schedule to govern the proceeding. As directed by the Commission at the prehearing conference, on January 29, 2021, PEU filed its objection as to the proper scope of issues raised by Mr. Husband's petition. On that same day, the OCA filed an objection to PEU's objection. On February 5, 2021, Mr. Husband filed his response to PEU's objection.

On February 2, 2021, Staff filed its report of the technical session as well as the proposed procedural schedule. The Commission approved the schedule by Secretarial Letter dated February 9, 2021. On March 23, 2021, the Commission granted all petitions to intervene and noted that the scope of the proceeding concerned the issues noticed in Order No. 26,436 and that, if an intervenor wished to expand the issues, an appropriate motion to that effect would need to be filed.

On March 23, 2021, Staff and the parties met in a technical session on the subject of temporary rates. This settlement is the product of those discussions. Pursuant to the approved procedural schedule, it is being filed no later than April 27, 2021.

III. SCOPE OF STIPULATION

- A. This Agreement is entered into by the Settling Parties.
- B. This Agreement constitutes the Settling Parties' recommendation to the Commission with respect to temporary rates in this docket.
- C. Under this Agreement, the Settling Parties agree that this Agreement constitutes resolution of the issues specified herein only.
- D. This Agreement shall not be deemed an admission by any Settling Party that any allegation or contention in this proceeding by any Settling Party, other than those specifically

agreed to herein, is true and valid. This Agreement shall not be deemed to foreclose any party from taking any position in any future proceedings.

It is specifically understood and agreed in this regard that this Agreement pertaining to proposed temporary rates is signed with a complete reservation of the Settling Parties' rights concerning the final permanent rates determination in this proceeding, that challenges to PEU's proposed permanent rates may be raised and asserted in the final rates segment of this proceeding and that a complete reconciliation shall be provided under R.S.A. 378:29 in the permanent rates determination to address any charges established to be unwarranted under the agreed temporary rates.

E. The Settling Parties agree that all documentation supporting the petition should be admitted as full exhibits for the purpose of consideration of this Agreement and be given the weight the Commission deems appropriate.

IV. TERMS OF AGREEMENT

A. The Settling Parties agree that, in accordance with RSA 378:27, temporary rates, based on the books and records on file with the Commission, be set at 14.03% over existing base rates. The derivation of this proposed rate increase is detailed in Attachment A to this Agreement. This increase would be an effective 11.05% increase realized by PEU's customers, as the Company's currently authorized QCPAC of 2.98% in effect as of the signing of this agreement would be subsumed in the proposed temporary base rates. As such, the Settling Parties agree that upon approval of temporary rates in this proceeding, PEU will cease the application on customer billings of the 2019 QCPAC of 2.98% approved in Commission Order No. 26,313 (December 6, 2019) in Docket DW 19-035. Additionally, PEU will forego collection

of the 2020 QCPAC proposed at 1.22% that is currently pending before the Commission in Docket DW 20-019.

The Settling Parties further agree to a reduction in the respective NCCRS to PEU's Locke Lake, Birch Hill, and Sunrise Estates customers. While the required NCCRS revenues to cover the related annual debt service of \$178,315 has not changed, the number of customers served within the three affected North Country systems have increased. The result of this broader customer base over which to spread the NCCRS is a slight reduction in the respective charges, as follows:

Service Area	<u>Current</u>	<u>Proposed</u>
Barnstead: Locke Lake	\$12.81	\$12.58
North Conway: Birch Hill	\$12.81	\$12.69
Middleton: Sunrise Estates	\$10.74	\$10.36

The Settling Parties agree that the above proposed rates are just and reasonable and that given the recoupment mechanism afforded under RSA 378:29, the rates will yield operating revenues sufficient to enable PEU to pay its expenses and meet its financial obligations.

B. The Settling Parties agree that the effective date for the temporary rates should be December 24, 2020, on a service-rendered basis. This date is subsequent to the actual notice provided to customers of PEU's rate filing.

C. The Settling Parties agree that temporary rates should be subject to reconciliation, pursuant to RSA 378:29, after the final determination of permanent rates by the Commission.

V. CONDITIONS

A. This Agreement is expressly conditioned upon the Commission's acceptance of

all its provisions, without change or condition. If the Commission does not accept the Agreement in its entirety, without change or condition, or if the Commission makes any findings that go beyond the scope of this Agreement, and the Settling Parties are unable to agree with said changes, conditions or findings, the Agreement shall be deemed to be withdrawn by the Settling Parties and the Settling Parties agree that it shall not constitute any part of the record in this proceeding and shall not be used for any other purpose. The Commission's acceptance of this Agreement shall not constitute continuing approval of, or precedent regarding, any particular principle or issue in this proceeding.


B. The discussions that produced this Agreement have been conducted on the explicit understanding that all offers of settlement relating thereto are and shall be confidential, shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in connection with any future proceeding or otherwise.

C. This Agreement may be signed electronically, by facsimile, and in counterparts, each of which shall be deemed to be an original, and all of which, taken together, shall constitute one agreement binding on all Settling Parties.

IN WITNESS WHEREOF, the Settling Parties to this Agreement have caused the Agreement to be duly signed in their respective names by their fully authorized agents.

PENNICHUCK EAST UTILITY, INC.

By its Attorney,



Marcia A. Brown, Esq.

Dated: April 26, 2021

STAFF OF THE NEW HAMPSHIRE PUBLIC
UTILITIES COMMISSION PARTICIPATING IN
THIS PROCEEDING

By its Attorney,

Dated: April 26, 2021

Lynn H. Fabrizio
Lynn H. Fabrizio, Esq.

Dated: April 26, 2021

OFFICE OF THE CONSUMER ADVOCATE

By its Attorney,

Donald M. Kreis
Donald M. Kreis, Esq.

Dated: April 26, 2021

TOWN OF LONDONDERRY

By its Attorney,

Christopher Cole
Christopher Cole, Esq.

Dated: April 26, 2021

TOWN OF LITCHFIELD

By its Attorney,

Christopher Cole
Christopher Cole, Esq.

Dated: April 26, 2021

TOWN OF PELHAM

By its Attorney,

Christopher Cole
Christopher Cole, Esq.

Dated: April 26, 2021

TOWN OF HOOKSETT

By its Attorney,

Christopher Cole

Christopher Cole, Esq.

Dated: April 26, 2021

RICHARD M. HUSBAND

Richard M. Husband

Richard M. Husband, Esq.

Dated: April 26, 2021

ROBERT CORCORAN

Robert J. Corcoran

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