

STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION

DOCKET NO. DW 20-184

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

Settlement Agreement – Temporary Rates

I. INTRODUCTION AND PROCEDURAL BACKGROUND

This Settlement Agreement (“Agreement”) is entered into this 3 day of June 2021, among Aquarion Water Company of New Hampshire, Inc. (“Aquarion” or the “Company”), the Office of the Consumer Advocate (“OCA”), Staff of the Commission participating in this proceeding (“Staff”), and the Towns of Hampton and North Hampton (together, the “Towns”) (collectively, the “Settling Parties”), in order to set temporary rates for the Company pursuant to RSA 378:27.

On November 18, 2020, Aquarion filed with the Commission its Notice of Intent to File Rate Schedules pursuant to N.H. Code Admin. Rule Puc 1604.05, along with a petition for Permanent and Temporary Rates, proposed revised tariff pages, supporting testimony, and schedules requesting changes to the Company’s permanent rates that are intended to yield an annual increase of \$1,373,351 in permanent revenues to be effective February 1, 2021.

In its filing, the Company also proposed that temporary rates established at the same level as currently effective rates also to be effective February 1, 2021, in recognition of the financial hardships caused by the COVID pandemic and out of a desire to address the issue of temporary rates efficiently. See December 18, 2020 Testimony of Debra A. Szabo, Bates page 609, in Docket No. DW 20-184. As part of its proposal for temporary rates, the Company proposed that

the current Water Infrastructure and Conservation Adjustment (“WICA”) surcharge be incorporated into base rates and that the WICA be reset to zero percent.

On April 29, 2021, the Settling Parties held a technical session which evolved into settlement discussions, where consensus was reached as to the Company’s temporary rates. This settlement includes the Settling Parties recommendation as to temporary rates in this proceeding.

In its filing, the Company referenced a test year revenue shortfall of \$260,748. Staff agrees that the Company appears to be under-earning based on its review of the Company's 2019 Annual Report, as filed with the Commission. Staff and the parties agree that temporary rates set at current levels are advisable under the circumstances.

Intervenors the Towns of Hampton and North Hampton agree that Aquarion’s Annual Report for the year ending December 31, 2019 shows that the Company earned less than its last-approved rate of return and do not object to the Settlement Agreement. However, the Settling Parties reserve all rights as to whether the Company in fact under-earned during the test year when taking into account all appropriate factors with respect to just and reasonable permanent rates, subject to reconciliation as provided by RSA 378:27 - 29.

II. SETTLEMENT TERMS

The Settling Parties stipulate and agree to the following terms for the Company’s temporary rates. Consistent with RSA 378:27, the Company’s temporary rates will be set at the level of its currently effective rates pending resolution of the permanent rates phase of this proceeding. The Settling Parties further agree that Company’s current WICA charge will not be folded into the Company’s base rate at this time, but shall remain as a separate surcharge. The ultimate disposition of the WICA and the surcharge shall be addressed in the permanent rates phase of the proceeding.

The Settling Parties agree that the customers in Wiggin Way subdivision of the Town of Stratham will continue to pay seasonal rates as they are presently in effect. Upon resolution of the pending petition in Docket No. DW 21-093 pertaining to Wiggin Way, as well as the permanent rates phase of this proceeding, the rates for the Wiggin Way customers shall be adjusted and reconciled as approved by the Commission.

The Company's temporary rates will be effective as of February 1, 2021 and shall be reconciled to that date upon resolution of the permanent rates phase of the proceeding. The relevant proposed revised tariff pages are included with this Agreement as Attachment A.

III. GENERAL PROVISIONS

This Agreement is expressly conditioned upon the Commission's acceptance of all its provisions, without change or condition. If the Commission does not accept this Agreement in its entirety, without change or condition, the Settling Parties agree that any party hereto, at its sole option, may withdraw from this Agreement, in which event it shall be deemed to be null and void and without effect and shall not be relied upon by any of the Settling Parties to this proceeding or the Commission for any 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, but such acceptance does constitute a determination that the provisions set forth herein in their totality are just and reasonable under the circumstances. The Commission's approval of the recommendations in this Agreement shall not constitute a determination or precedent with regard to any specific adjustments, but rather shall constitute only a determination that the rates resulting from this Agreement are just and reasonable for purposes of temporary rates in this proceeding. The discussions that produced this Agreement have been conducted on the 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.

This Agreement may be executed by facsimile or electronically and in multiple 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 have caused this Agreement to be duly executed in their respective names by their agents, each being fully authorized to do so on behalf of their principal.

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

By: /s/ Matthew J. Fossum June 3, 2021
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OFFICE OF THE CONSUMER ADVOCATE

By: /s/ Donald M. Kreis June 3, 2021
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TOWN OF NORTH HAMPTON

By: /s/ Justin C. Richardson June 3, 2021
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