

March 31, 2023

Via Electronic Mail Only

Daniel Goldner, Chair
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

Re: Docket No. DW 20-184 - Request for Change in Rates Aquarion Water Company of New Hampshire, Inc.
Rate case expense filing

Chair Goldner:

Attached on behalf of Aquarion Water Company New Hampshire (“Aquarion” or the “Company”) is Aquarion’s rate case expense filing for recovery of expenses incurred in this docket. Because there is confidential and attorney-client privileged material in this filing including certain information on invoices, RFP responses and contracts, a motion for confidential treatment and protective order is included as part of this filing. A redacted version of the filing will be filed to the docket and publicly available, and a confidential version of the filing will be submitted only to the New Hampshire Public Utilities Commission (“Commission”), the Department of Energy (“DOE”), the Office of the Consumer Advocate (“OCA”), and the Towns of Hampton and North Hampton (the “Towns” or “Parties”), both of which signed non-disclosure agreements to be able to view confidential material in this docket.

The Commission-approved settlement agreement on permanent rates, in Section 9.1 states that “[s]ubject to review and adjustment for the difference between estimated and actual expense by the DOE and other Settling Parties, Aquarion shall recover over one year \$428,675 in estimated rate case expenses to be filed pursuant to the proposed schedule set forth in Appendix 3.” Appendix 3 of the settlement agreement states that the Company “agrees to submit its calculation of rate case expense and proposed surcharge [for recovery of rate case expenses] within 30 days of the Commission’s order approving the settlement agreement.” (Settlement agreement, bates page 52).

However, the settlement agreement also kept temporary rates in place until the step adjustment to permanent rates was approved, making the implementation of permanent rates contingent upon the approval and implementation of the step adjustment, keeping the matter open. At the time the settlement agreement was drafted the parties intended for permanent rates and the step adjustment to be implemented at or around the same time, so making the rate case expense filing 30 days after the order approving the settlement agreement would be consistent with the simultaneous implementation of permanent rates and the step. However, the matter of the step remained open until the parties submitted the stipulation recommending approval of the step on November 21, 2022. That this matter remained open is evidenced by the DOE’s continued



submission of rate case expenses through November of 2022, and because Section 9.1 of the settlement agreement also directed that “the Company shall be **authorized to recover the approved rate case expenses after the implementation of the permanent rates and Step Adjustment** as provided in Appendix 3.” In the interest of administrative efficiency and to ensure all recoverable expenses had been accounted for, the Company waited until 30 days after the effective date of Order 26,771 approving the step adjustment to make this filing. All parties to the settlement agreed the Company was entitled to recover, subject to further review of the DOE and other parties, \$428,675 in rate case expenses. The Company has now received all invoices, and the final expense amount for total recoverable rate case costs is \$408,223.18, which is \$20,451.82 less than the estimated costs to which the parties agreed. To recover these expenses equally from all customers over a period of twelve months, as directed by Order No. 26,659, the Company proposes the following surcharge: \$3.51 per customer per month, using a February 28, 2023 customer count of 9,686, ($\$408,223.18 \div 9,686 \div 12 = \3.51). This approach to allocation for recovery of rate case expenses is consistent with the Company’s prior rate cases.

It is just and reasonable that the Company be able to recover all prudently incurred rate case expenses, despite this filing not being made within 30 days of the approval of the settlement agreement on permanent rates since the settlement agreement made recovery contingent upon review of the DOE and all other parties to the docket to ensure agreement by and support of all parties. Moreover, customers are not harmed by the Company waiting until now to make this rate case expense recovery filing because the Company adds no carrying charges, consistent with the Puc 1900 rules. If anything, customers benefit from the time that has passed without the recovery of rate case expenses added to rates. Ultimately, no harm has resulted; delaying the filing until now rather than making this filing within 30 days of the order approving the settlement agreement has only served to maximize administrative efficiency (by waiting for all expenses and invoices to be incurred and documentation compiled).

The Company would request, to the extent it is needed, that the Commission waive, pursuant to Puc 201.05, Puc 1905.02 limiting filings for recovery of rate case expenses to no later than 30 days after the Commission’s final order. First, because of the dependence of permanent rates on the approval of the step adjustment, Order 26,771 approving the step adjustment is the Commission’s final order. Since Order 26,771 became effective March 1, 2023 this filing is within the 30-day limit for filing and meets the Puc 1905.02 standard. But even if it were not within that limit, waiving Puc 1905.02 would be in the public interest as required by Puc 201.05, because the Company should be able to recover prudently incurred costs, customers benefitted from not having to pay rate case expenses any earlier, and making the filing at this time is the most administratively efficient approach.

In accordance with Puc 1905.03 and 1905.04, the filing includes a certification regarding use of a competitive bidding process conducted consistent with the Company’s procurement procedure, a copy of the procurement procedure, a description of the rate case expense categories, a rate case expense summary to date, by vendor, date, and service provided, copies of invoices, and the contracts entered into that generated the expense. The filing also includes a copy of the Company’s RFPs for consulting services and the winning bidders’ responses to each RFP for completeness as the contracts include references to their response. It should be noted that in both



the table of contents and the rate case expense summary, that costs for labor and associated overhead expense for Aquarion CT employees are included. These costs are properly recoverable as rate case expenses because the Company has no staff on salary that have the requisite skills or capacity to handle a rate case. Rather than hire full-time employees, it was least cost for the Company to have the necessary Aquarion CT employees allocate charges solely on time spent specifically on the rate case. No time or costs were charged by Aquarion CT employees for work done associated with the rate case audit, consistent with Puc 1907.01. Accordingly all costs for Aquarion CT employee labor and overhead are appropriately recoverable under Puc 1906.01.

Regarding the competitive bidding process, there is one outside consultant where the bidding was affected by extenuating circumstances. In December 2021, Aquarion's lead counsel on the rate case left Eversource's employment. To cover his workload until someone was hired to take his place internally, Eversource approached two outside law firms for bids to cover the work of the attorney that left. Of those two firms, Keegan Werlin came in at substantially lower cost. Further, Keegan Werlin offered a further reduction of their already discounted, contracted rate with Aquarion's parent company specifically for this docket. So while a competitive bid exclusive for legal work for this docket was not issued, the Company is confident that it retained the least-cost entity to provide the support needed to cover the work of the lead attorney for this docket.

Consistent with current Commission policy, this filing is being filed electronically only; paper copies will not follow. If you have any questions, please contact me. Thank you for your assistance with this matter.

Regards,

Jessica A. Chiavara
Senior Counsel, Eversource Energy
o/b/o Aquarion Water Company of New
Hampshire, Inc.

Attachments

cc: DW 20-184 Service List