

AQUARION WATER COMPANY OF NEW HAMPSHIRE

DW 20-184

Aquarion Water Company's Responses to DOE Data Requests—Set 1

Data Request Received: May 10, 2023
Request No.: DOE 1-1

Date of Response: May 17, 2023
Witness: D. Szabo

REQUEST: Re: Keegan Werlin charge of 0.8 hours dated June 28, 2022. Please review and submit explanation detailing how these charges relate to Aquarion NH's rate case.

RESPONSE: There were several time entries in June 2022 for an unrelated Aquarion matter that were inadvertently coded to the Aquarion NH rate case. Specifically, the time entries of [REDACTED] hours on June 28, 29 and 30, 2022, respectively, were not related to the Aquarion NH rate case. Accordingly, the corresponding dollar amounts of [REDACTED] should be removed from the Company's requested rate case expense. See the response to DOE 1-2 for a similar adjustment. The combined total of the adjustments resulting from the items identified in DOE 1-1 and DOE 1-2 is \$3,420, and would lower the proposed rate case expense recoupment surcharge by \$0.03 per customer per month ($\$3,420 \div 9,686 \div 12 = \0.03).

Aquarion would also like to note that there was a discrepancy on the cover letter for the rate case expense filing. The cover letter inaccurately stated a total proposed recovery of \$408,223, but the correct figure at that time was \$403,345, which is the dollar amount listed in the detailed materials supporting the filing on Bates page 255 (Rate Case Expense Categories) and Bates page 257 (Summary of Rate Case Expenses).

After consideration of the corrections described in this question and DOE 1-2, the revised rate case expense is \$399,925 ($\$403,345 - \$3,420$) resulting in a revised recoupment surcharge per customer per month of \$3.44 ($\$399,925 \div 9,686 \div 12$).

The Company and Keegan Werlin have reviewed all invoices and have not identified any other discrepancies.

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Aquarion Water Company's Responses to DOE Data Requests—Set 1

Data Request Received: May 10, 2023
Request No.: DOE 1-2

Date of Response: May 17, 2023
Witness: D. Szabo

REQUEST: Re: Keegan Werlin charges dated July 1 - 25, 2022: Please review and submit explanations detailing how the following charges relate to Aquarion NH's rate case.

- a) July 1, 2022: [REDACTED]
- b) July 5, 2022: [REDACTED]
- c) July 6, 2022: [REDACTED]
- d) July 7, 2022: [REDACTED]
- e) July 13, 2022: [REDACTED]
- f) July 14, 2022: [REDACTED]
- g) July 25, 2022: [REDACTED]

RESPONSE: The time entries in July 2022 listed in this question were for an unrelated Aquarion matter and were inadvertently coded to the Aquarion NH rate case. Accordingly, the corresponding dollar amounts of [REDACTED] and [REDACTED] should be removed from the Company's requested rate case expense. As referenced in the response to DOE 1-1, the combined impact of the adjustments resulting from the items identified in both DOE 1-1 and DOE 1-2 totals \$3,420, and would lower the proposed rate case expense recoupment surcharge by \$0.03 per customer per month ($\$3,420 \div 9,686 \div 12 = \0.03).

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Data Request Received: May 10, 2023
Request No.: DOE 1-3

Date of Response: May 17, 2023
Witness: D. Szabo

REQUEST: The calculation of rates in the Settlement Agreement on Permanent Rates includes recovery of legal expenses of \$25,411. Nonetheless, Aquarion NH requests \$44,517 in legal fees without accounting for the \$25,411 recoverable through permanent rates per the Settlement Agreement. Please explain why the total rate case expense of \$44,517 should not be reduced by \$25,411 to avoid double recovery of the amount included in the Settlement Agreement. Please refer to Puc Order #26,569, dated July 29, 2022, which approves the June 2, 2022 Settlement Agreement. See Settlement Agreement Schedule 3.11, bates page 41, which details the normalization of legal expenses included in the Permanent Rates of \$25,411.

RESPONSE:

The revenue requirement in the approved Settlement Agreement included an amount for normalized legal expenses, as shown on Appendix 1 at page 1 (line 25) and page 23, which does not include any legal costs for the rate case. The amount in base rates is based on the historical 2019 test year adjusted to represent the costs that the Company is expected to incur in the rate year for WICA-related legal expenses and general legal expenses unrelated to the rate case. This covers costs for general legal support on day-to-day regulatory and other routine matters, but excludes legal support for the rate case.

A rate case is a surge event that does not typically occur every year and results in incremental costs to the Company for outside legal support and other resources, as was needed for this docket. Appendix 1 of the approved Settlement Agreement specified the adjustments agreed to by the parties in setting the revenue requirement (Section 2.3), and this included "normalization of legal expenses", reflected in Adjustment 11, which is found on Bates page 19, line 25. This normalization was to account for expected variances from the test year amounts in the ordinary course of Company operations, and not to account for surge items like the rate case. Further, the Settlement Agreement allowed for the following: a step adjustment, temporary to permanent recoupment, and recovery of actual rate case expenses in addition to, and separate from, the revenue requirement. Section 9.1 of the Settlement Agreement provides that the Company "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," subject to review and adjustment for the difference between estimated and actual expense. The \$428,675 estimate in the negotiated and Commission-approved settlement included a projected \$47,475 in legal costs from Keegan Werlin, with the actual amount coming in lower, at

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\$41,097 (as adjusted by DOE 1-1 and 1-2). The Settlement Agreement terms do not contemplate or allow the rate case legal expense to be reduced by the normalized legal expense because they are wholly separate categories of costs unrelated to one another. Such a reduction would not be appropriate and would result in a de facto penalty to the Company, as it would cause the Company to under-recover its approved revenue requirement. The rate case expense is for incremental costs, including the legal costs from the rate case, where the normalized legal expense covers the ordinary course of Company operations including WICA-related and general legal matters in the rate year. There is no double-recovery because the normalized amount in base rates for WICA-related and general legal costs in the rate year does not include any costs for rate case legal expense incurred in DW 20-184.