

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DW 20-184

Aquarion Water Company of New Hampshire, Inc.

Rate Case Expense Recovery and Rate Recoupment Adder

Technical Statement of Robyn J. Descoteau, Utility Analyst. Water Group
New Hampshire Department of Energy, Division of Regulatory Support

July 14, 2023

Pursuant to RSA 12-P:2, IV, please accept this Technical Statement as the New Hampshire Department of Energy's (DOE) recommendation to the Public Utilities Commission (Commission) in the above-referenced docket. The DOE has reviewed Aquarion Water Company of New Hampshire, Inc.'s (Aquarion, Company) March 31, 2023 filings for its rate case expense recovery and its rate recoupment adder for the reconciliation of temporary rates to permanent rates. Included with this Technical Statement as Attachment A are Aquarion's responses to DOE Data Requests.

The DOE has reviewed Aquarion's surcharge filings along with related discovery responses and believes that the Company has demonstrated that its proposed rate case expenses, as subsequently amended, totaling \$399,925 are appropriate and that the resulting calculation of its proposed rate case expense surcharge of \$3.44 per customer per month over a twelve-month period provides for rates that are consistent with Commission rules and the settlement agreement approved by Commission Order No. 26,659. Additionally, the DOE believes Aquarion presented proper calculations of its proposed rate recoupment adder totaling \$151,481, to be recovered over a twelve-month period via various fixed surcharges based on customer class and meter size.¹ The reconciliation adder is consistent with the settlement agreement authorized by

¹ The Rate Recoupment Adder is fully described in the Settlement Agreement on Permanent Rates, Appendix 3, pages 51-52 previously approved by Order No. 26,659 (July 29, 2022) as well as the instant filing, Attachment 1 pages 1-4 and Attachment 2. Specifically, to maintain rate stabilization and avoid customer confusion, the Settling Parties agreed that the implementation date for both the Permanent Rate decrease and Step I Rate increase should be realized on the same date. The Company determined this date to be August 1, 2022. Therefore, using actual customer class and meter size data, Aquarion first calculated the resulting revenue decrease between the Temporary Rates authorized by Order No. 26,488 (June 21, 2021) and Permanent Rates authorized by Order No. 26,659 (July 29, 2022) from the approved effective date for Temporary Rates of February 1, 2021 through July 31, 2022. This amount totaled \$(490,065). Aquarion then calculated the resulting revenue decrease between the implementation of permanent/step rates to the effective date of the Commission's orders approving Step I (See Order No. 26,761 (January 19, 2023) and Order No 26,771 (February 6, 2023)) of August 1, 2022 through February 28, 2023. This amount totaled \$(149,352). Lastly, Aquarion calculated the revenue recovery amount between the implementation date of Step I Rates to the effective date of the Commission's Step I orders of August 1, 2022 through February 28,

Commission Order No. 26,659 and will result in just and reasonable rates. Therefore, the DOE recommends that the Commission approve both surcharges requested in this docket, as amended. Following is a more detailed explanation of DOE's analyses and conclusions.

Brief Summary of Aquarion's Request

On March 31, 2023, Aquarion submitted two separate filings containing proposed tariff pages implementing recovery of its rate case expenses and a rate recoupment adder.

- 1) The Company requested to recover rate case expenses of \$408,223 through a surcharge of \$3.51 to be collected over a twelve-month period, based on Aquarion's February 28, 2023 customer count of 9,686 customers. Aquarion later acknowledged that its March 31, 2023 cover letter inaccurately stated a total proposed recovery amount of \$408,223, when the correct figure at that time was \$403,345.² The correct figure of \$403,345 was accurately detailed in the attachments filed on March 31, 2023.³ As such, the correct surcharge from recovering \$403,345 from 9,686 customers over a twelve-month period would be \$3.47.⁴
- 2) The Company requested to recover a rate recoupment adder for the reconciliation of rates from February 1, 2021 through February 28, 2023. The proposed recoupment amount totaling \$151,481 was proposed to be collected over a twelve-month period from May 1, 2023 through April 30, 2024 via various customer surcharges determined in accordance with customer class and meter size.

On April 6, 2023, the Commission issued *Procedural Order Re: DOE Recommendation* requesting the DOE's, "analyses and recommendations as to (1) whether the rate recoupment adder is correctly calculated, will result in just and reasonable rates, and is consistent with the parties' settlement agreement; and (2) whether the rate case expenses and resulting rates are consistent with Commission rules, and correctly calculated, as well as whether they are consistent with the parties' settlement agreement." Additionally, the Commission requested that the DOE inform the Commission as to when it intended to provide its recommendations on the two filings.

On April 10, 2023, the DOE submitted a letter to the Commission stating that its analyses and recommendation of Aquarion's March 31, 2023 filings would be submitted by July 14, 2023. The DOE also recommended the Commission suspend tariff pages 20 and 22, pursuant to RSA 378:6, I(b) for 3 months.

On April 20, 2023, the Company filed a letter with the Commission confirming they had consulted with the DOE to establish a review process that would facilitate the DOE's intent to provide a recommendation for each of the filings on or before July 14, 2023.

2023. This amount totaled \$790,898. Therefore, the net rate recoupment adder is \$151,481 [\$(490,065) + \$(149,352) + \$790,898].

² See Attachment A: Aquarion's response to DOE 1-1 received May 17, 2023.

³ Aquarion filing dated March 31, 2022. Bates 255-257.

⁴ Rate Case expenses of \$403,345 / 9,686 customers = \$41.64 per year or \$3.47 per month.

On May 12, 2023, the Commission issued Order No. 26,818 suspending Aquarion's proposed "Original Page 22" of its tariff, related to recovery of rate case expenses as well as "Original Page 20" and "Original Page 21" of its tariff, related to the reconciliation of temporary rates to permanent rates. The suspension expires September 1, 2023, pending Commission investigation of the proposed rates.

On June 9, 2023, the Company submitted a revised rate case expense filing with a cover letter alerting the Commission of a change in its original March 31, 2023 rate case expense recovery filing. Specifically, the Company discovered a decrease of \$3,420 in its originally proposed rate case expenses during the DOE's discovery process resulting in a new expense total of \$399,925. *See Attachment A, DOE 1-1 and 1-2.* Aquarion further proposed an updated rate case recovery surcharge of \$3.44, for a decrease of \$(0.03) per customer per month over a twelve-month period. No changes, however, were made to the Company's rate recoupment adder filing.

DOE Analysis and Recommendation

Based upon its review of the information presented in the instant filing, the DOE believes that Aquarion has demonstrated that its proposed rate case expenses, as amended, of \$399,925 are appropriate and that the resulting proposed rate case expense surcharge of \$3.44 was appropriately calculated and is consistent with Commission rules and the settlement agreement approved by Commission Order No. 26,659. Additionally, the DOE believes Aquarion presented proper calculations of its proposed twelve-month rate recoupment adder that reconciles rates from February 1, 2021 through February 28, 2023. The DOE believes that the proposed reconciliation adder is consistent with the settlement agreement approved by Commission Order No. 26,659 and will result in just and reasonable rates.

The DOE, therefore, recommends that the Commission approve Aquarion's proposed rate case expenses, as amended, of \$399,925 and the resulting customer surcharge of \$3.44 per customer per month over a twelve-month period. Additionally, the DOE recommends that the Commission approve Aquarion's proposed rate recoupment adder to be recovered through various twelve-month fixed surcharges based on customer class and meter size in order to recover revenues of \$151,481.

In conclusion, the DOE recommends that the Commission approve Aquarion's filing by the issuance of an Order *nisi* to ensure that all interested parties receive notice and have the opportunity to comment or request a hearing before the order becomes effective.

With the filing of this technical statement and attachments, the DOE believes a complete record has been provided in this matter for consideration by the Commission, pursuant to the DOE's purpose under RSA 12-P:2, IV.

Attachments: Attachment A - Aquarion's responses to DOE Data Requests Set 1 REDACTED