

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 20-184

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

Request for Change in Rates

Order *Nisi* Approving Step Adjustment

ORDER NO. 26,761

January 19, 2023

I. PROCEDURAL HISTORY

The petitioner, Aquarion Water Company of New Hampshire, Inc. (Aquarion) seeks approval of a single, one-time step adjustment following its recent rate case. In Order No. 26,659 (July 29, 2022) (the Order), the Public Utilities Commission (Commission) approved a comprehensive settlement agreement (Settlement) entered into by, Aquarion Water Company of New Hampshire, Inc., The Office of Consumer Advocate (OCA), the Towns of Hampton and North Hampton, and the New Hampshire Department of Energy (DOE), comprising all the parties to the docket.

The Settlement established permanent rates and included a single step adjustment (Step Adjustment) with a not-to-exceed annual revenue amount of \$1,561,436. The Order provided that the final amount “shall be subject to DOE audit and reconciliation based on the results of the audit, and subject to final approval by the Commission.” Order at 11. On September 22, 2022, Order No. 26,680 (Rehearing Order) modified the Order by removing \$44,442 from the Step Adjustment relating to wages, salaries and benefits. Rehearing Order at 4.

On November 21, 2022, Aquarion filed a document purporting to be a stipulation (Stipulation) concerning revisions to the requested step adjustment

following the DOE audit. The Stipulation contained no signatures of the parties. Nonetheless, Aquarion asserted that it was agreed to by all of the settling parties.

The Stipulation and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2020/20-184.html>.

II. STIPULATION

The Stipulation removes \$44,442 as directed by the Commission in the Rehearing Order. Aquarion asserts that the step adjustment, contained in the Stipulation and its attachments is in accordance with the previously approved Settlement, as modified by the Rehearing Order. The Stipulation requests a one-time step adjustment resulting in an additional annual revenue requirement for Aquarion totaling \$1,328,088. This amount represents an increase to Aquarion's permanent rate revenue requirement of \$7,311,566 previously approved in the Order. The step adjustment increase in annual revenue is less than the not-to-exceed amount of \$1,561,436 included in the Settlement.

On November 28, 2022, the Commission issued an order directing Aquarion to file an executive summary and accompanying detailed explanation of the methodology utilized to support the step adjustment contained in the Stipulation. Aquarion filed an "Executive Summary and Detail of Aquarion Step Adjustment Stipulation" on December 23, 2022 (Detailed Explanation).

III. DETAILED EXPLANATION

The Detailed Explanation describes the calculation of the step adjustment rate increase of 18.73 percent, incorporating plant and expense adjustments related to Order No. 26,680, the DOE audit, and the impact of an additional grant awarded from the NH Department of Environmental Services, all of which occurred subsequent to

the Settlement filing. These adjustments resulted in a revised step adjustment revenue requirement of \$1,328,088, which represents a \$233,348 decrease to the \$1,561,436 step adjustment revenue requirement cap agreed to in the Settlement.

IV. COMMISSION ANALYSIS

In our consideration of the proposed step adjustment, we must determine whether the proposed rates, fares, and charges are just and reasonable. RSA 378:7. In circumstances where a utility seeks to increase rates, the utility bears the burden of proving the necessity of the increase pursuant to RSA 378:8. In determining whether rates are just and reasonable, the Commission must balance the customers' interest in paying no higher rates than are required against the investors' interest in obtaining a reasonable return on their investment. *Eastman Sewer Company, Inc.*, 138 N.H. 221, 225 (1994).

In this docket we have already approved a one-time annual revenue increase of up to \$1,561,436. Our prior approval was subject to the results of the DOE audit and other necessary adjustments. We find the adjustments agreed to by the parties in the Stipulation to be appropriate and reasonable. We also find the annual revenue increase of \$1,328,088 in support of the step adjustment to be reasonable and we approve it to be applied on a uniform basis to all of Aquarion's volumetric charges.

We appreciate the parties' work in arriving at an agreed Stipulation concerning the calculation of the step adjustment and annual revenue requirement, however, we require that all future settlements and stipulations be filed with the Commission with signatures of all supporting parties affixed. Further, the Detailed Explanation, although helpful in some respects, contained discrepancies in numbers when compared with the Stipulation. We will require a revised Detailed Explanation to be filed with all numbers reconciled with the numbers contained in the Stipulation.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that subject to the effective date below, we approve an annual revenue increase of \$1,328,088 for Aquarion's step adjustment, to be applied on a uniform basis to all of Aquarion's volumetric charges; and that it is

FURTHER ORDERED, that Aquarion shall file on or before February 3, 2023, a revised Stipulation with the Commission containing signatures of each of the parties agreeing to the Stipulation; and that it is

FURTHER ORDERED, that Aquarion shall file on or before February 3, 2023, a corrected Detailed Explanation with the Commission with all numbers consistent with the Stipulation and attachments; and it is

FURTHER ORDERED, that Aquarion shall cause a copy of this order to be published on its website, such publication to be no later than January 25, 2023, and to be documented by affidavit filed with this office on or before February 1, 2023; and it is

FURTHER ORDERED, that all persons interested in responding to this order be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than February 8, 2023, for the Commission's consideration; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than February 15, 2023; and it is

FURTHER ORDERED, that this order shall be effective March 1, 2023, unless the Petitioner fails to satisfy the filing obligations and the publication obligation as set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date; and it is

FURTHER ORDERED, that the Petitioner shall file a compliance tariff with the Commission on or before March 15, 2023, in accordance with N.H. Code Admin. Rules Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this nineteenth day of January 2023.



Daniel C. Goldner
Chairman



Carleton B. Simpson
Commissioner

Service List - Docket Related

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