

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
Matthew J. Fossum, Esq.
Senior Regulatory Counsel, Eversource Energy Service Company

OFFICE OF THE CONSUMER ADVOCATE

By: /s/ Donald M. Kreis June 3, 2021
Donald M. Kreis, Esq.
Consumer Advocate

STAFF OF THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

By: /s/ Christopher R. Tuomala June 3, 2021
Christopher R. Tuomala, Esq.
Staff Attorney

TOWN OF HAMPTON

By: /s/ Mark S. Gearreald June 3, 2021
Mark S. Gearreald, Esq.
Hampton Town Attorney

TOWN OF NORTH HAMPTON

By: /s/ Justin C. Richardson June 3, 2021
Justin C. Richardson, Esq.
Attorney, NH Water Law

SCHEDULE OF WATER RATES FOR METERED SERVICE

Available:

To all customers except those using the Company’s service for fire service and those who do not take metered water service for twelve (12) consecutive months.

Rate:

All general water service customers shall pay a service charge based on the size of the meter installed. Rate for consumption in addition to the service charge provided for herein: \$4.536 per 100 cubic feet.

Service Charge:

<u>Size of Meter</u>	<u>Per Day*</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8 inch	\$ 0.51	\$ 15.60	\$ 46.80
3/4 inch	\$ 0.77	\$ 23.40	\$ 70.20
1 inch	\$ 1.28	\$ 39.01	\$ 117.03
1 1/2 inch	\$ 2.57	\$ 78.05	\$ 234.15
2 inch	\$ 4.11	\$ 124.87	\$ 374.61
3 inch	\$ 7.69	\$ 234.00	\$ 702.00
4 inch	\$ 12.82	\$ 390.00	\$ 1,170.00
6 inch	\$ 25.64	\$ 780.00	\$ 2,340.00
8 inch	\$ 41.03	\$ 1,248.00	\$ 3,744.00

Terms of Payment:

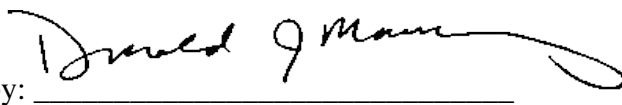
Bills for the service charge shall be rendered monthly in arrears for services rendered following the monthly meter readings. The billing for water consumed in the previous month shall be included with billing of the monthly service charge. Bills are due and payable within 25 days from the postmarked date of the bill.

*The per day rate is based on the annual service charge (per month *12) divided by 365 calendar days.

Penalty:

A penalty of five percent (5%) will be added to bills which are unpaid 30 days from the postmarked date of the bill.

Issued: December 18, 2020

Issued by: 

Donald J. Morrissey

Effective: February 1, 2021

Title: President

SCHEDULE OF WATER RATES FOR METERED SERVICE

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Issued: ~~September 1, 2016~~December 18, 2020 Issued by: _____
 Donald J. Morrissey

Effective: ~~September 1, 2016~~February 1, 2021 Title: ~~Chief Financial Officer~~President _____
~~As authorized in order 25,929 in Case DW 16-123~~

SCHEDULE OF WATER RATES FOR METERED SERVICE

To all customers taking water service for a period less than four (4) consecutive quarters, except those using the Company's service for fire service.

Rate:

All general water service customers shall pay a service charge based on the size of the meter installed. Rate for consumption in addition to the service charge provided for herein: \$5.619 per 100 cubic feet.

Service Charge:

<u>Size of Meter</u>	<u>Per Season</u>
5/8 inch	\$ 234.00
3/4 inch	\$ 351.00
1 inch	\$ 585.15
1 1/2 inch	\$ 1,170.75
2 inch	\$ 1,873.05
3 inch	\$ 3,510.00
4 inch	\$ 5,850.00
6 inch	\$ 11,700.00
8 inch	\$ 18,720.00
10 inch	\$ 26,910.00

Term of Payment:

Bills for the service charge shall be rendered as of May 1st for all customers receiving seasonal service. Bills for water consumption will be rendered on a monthly basis or when the meter is removed.

Penalty:

A penalty of five percent (5%) will be added to bills which are unpaid after the due date printed on the bill as evidenced by the date of payment to the utility's authorized agent.

Issued: December 18, 2020

Issued by: _____



Donald J. Morrissey

Effective: February 1, 2021

Title: President _____

SCHEDULE OF WATER RATES FOR METERED SERVICE

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Penalty:

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Issued: ~~June 28, 2013~~ December 18, 2020

Issued by: _____
 Donald J. Morrissey

Effective: ~~July 1, 2013~~ February 1, 2021

Title: ~~Chief Financial Officer~~ President _____

~~As authorized in order 25,539 in Case DW 12-085~~

SCHEDULE OF WATER RATES FOR PRIVATE FIRE SERVICE**Available:**

To all customer using the Company's facilities for Private Fire Service.

Rates:

<u>Fire Service Connection</u>		<u>Per Day</u>	<u>Per Month</u>
3 inch or less	\$	1.21	\$ 36.76
4 inch	\$	2.06	\$ 62.64
6 inch	\$	4.91	\$ 149.44
8 inch	\$	8.74	\$ 265.72
10 inch	\$	13.65	\$ 415.31
12 inch	\$	19.29	\$ 586.77

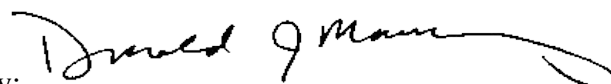
Terms of Payment:

Bills for Private Fire Service will be rendered on a monthly basis in arrears on the first day of each month. Bills are due and payable within 25 days from the postmarked date of the bill.

*The per days rate is based on the annual service charge (per month*12) divided by 365 calendar days.

Issued: December 18, 2020

Issued by: _____



Donald J. Morrissey

Effective: February 1, 2021

Title: President _____

SCHEDULE OF WATER RATES FOR PRIVATE FIRE SERVICE

Available:

To all customer using the Company’s facilities for Private Fire Service.

Rates:

<u>Fire Service Connection</u>		<u>Per Day</u>		<u>Per Month</u>
3 inch or less	\$	1.21	\$	36.76
4 inch	\$	2.06	\$	62.64
6 inch	\$	4.91	\$	149.44
8 inch	\$	8.74	\$	265.72
10 inch	\$	13.65	\$	415.31
12 inch	\$	19.29	\$	586.77

Terms of Payment:

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Issued: ~~September 1, 2016~~December 18, 2020 Issued by: _____

Donald J. Morrissey

Effective: ~~September 1, 2016~~February 1, 2021 Title: ~~Chief Financial Officer~~President _____

~~As authorized in order 25,929 in Case DW 16-123~~

SCHEDULE OF WATER RATES FOR PUBLIC FIRE SERVICE**Available:**

To all customers using the Company's facilities for Public Fire Service.

Rates:

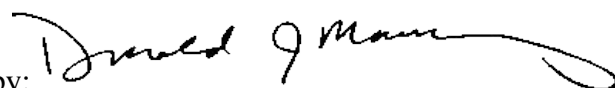
The hydrant charge for each municipal hydrant shall be \$1,740.41 per annum.

Terms of Payment:

Bills for Public Fire Service will be rendered six (6) months in advance of January 1st and July 1st of each year. Bills are due and payable at the office of the Company on the above dates. The hydrant charge for each municipal hydrant shall be \$1,740.41 per annum.

Issued: December 18, 2020

Issued by: _____



Donald J. Morrissey

Effective: February 1, 2021

Title: President

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Issued by: _____
Donald J. Morrissey

Effective: ~~July 1, 2013~~ February 1, 2021

Title: ~~Chief Financial Officer~~ President

~~As authorized in order 25,539 in Case DW 12-085~~

WATER INFRASTRUCTURE AND CONSERVATION ADJUSTMENT

In addition to the net charges provided for in this Tariff, a Water Infrastructure and Conservation Adjustment (“WICA”) surcharge of 7.50% will apply to all bills with services rendered on or after February 1, 2021.

I. General Description

Purpose: To recover the fixed costs (depreciation, property taxes and pre-tax return) of certain Commission-approved non-revenue producing system improvement projects completed and placed in service and to be recorded in the individual accounts, as noted below, between base rate cases. In addition, WICA provides the Company with the resources to accelerate asset replacement for infrastructure for the purpose of improving or protecting water quality and the reliability of service and to comply with evolving regulatory requirements imposed by the Safe Drinking Water Act.

Eligible Property: The WICA-eligible property will consist of the following:

Services* (account 333) and hydrants* (account 335) installed as in-kind (i.e., same size) replacements for customers;

mains and valves* (account 331) installed as replacements for existing facilities that have either reached the end of their useful life, are worn out or are in deteriorated condition,

main cleaning and re-lining projects and relocations that are non-reimbursable (account 331);

replacement of production meters (account 304); and

replacement of pressure reducing valves (accounts 309, 331);

*The first \$50,000 in costs related to the emergency I reactive replacement of services, valves, and hydrants in a given years WICA filing shall not be eligible for recovery through the WICA surcharge.

II. Computation of the WICA

Calculation: The initial charge, effective January 1, 2011, will be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Company's rate base and will have been placed in service between January 1, 2010 and September 30, 2010. Thereafter, the WICA will be updated on an annual basis to reflect eligible plant additions placed in service during the twelve month period ending three months prior to the effective date of each WICA update (the “Project Year”). Thus, changes in the WICA rate will occur as follows:

Issued: December 18, 2020

Issued by: David J. Mann

Effective: February 1, 2021

Title: President

WATER INFRASTRUCTURE AND CONSERVATION ADJUSTMENT

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Issued: ~~December 18, 2019~~December 18, 2020 Issued by: ~~Donald Morrissey~~_____

Effective: ~~January 1, 2020~~February 1, 2021 Title: ~~Chief Financial Officer~~President_____

~~As authorized by Order No. 26,245 in Docket No. DW 18-161~~

NHPUC No. 1 – Water
Aquarion Water Company of New Hampshire

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Issued: ~~December 18, 2019~~December 18, 2020 Issued by: ~~Donald Morrissey~~_____

Effective: ~~January 1, 2020~~February 1, 2021 Title: ~~Chief Financial Officer~~President_____

~~As authorized by Order No. 26,245 in Docket No. DW 18-161~~