

**STATE OF NEW HAMPSHIRE**  
**BEFORE THE PUBLIC UTILITIES COMMISSION**

**Lakes Region Water Company, Inc.**

**Docket No. 20 – 187**  
**&**  
**Docket No. 22 – 068**

**REPLY TO DEPARTMENT OF ENERGY INITIAL BRIEF IN SUPPORT OF  
UTILITY RECOVERY OF REASONABLE STEP EXPENSES**

Lakes Region Water Co., Inc., (“Lakes Region”) replies to the New Hampshire Department of Energy’s *Initial Brief In Support of Utility Recovery of Reasonable Step Expenses* (“Brief”) as follows:

Lakes Region agrees with the Department of Energy’s *Brief* and its accompanying *Technical Statement* with one exception. On Page 4 of its *Brief*, the Department misreads the Commission’s 1900 Rules when it states:

“Chapter 1900 defines “rate case expenses” as “...those non-recurring expenses incurred by a utility in the preparing or presentation of a **full rate case proceeding** before the commission, **necessary** for the conduct of the rate case.” Puc 1903.05 (emphasis added). “Full rate case” is defined as “a proceeding in which a revenue requirement is established for a utility and rates are set to meet that revenue requirement pursuant to Puc 1604.” Chapter 1900 also defines “final order” as “an order of the commission . . . rendering **its final determination on permanent rates.**” (emphasis added). Taken together, Chapter 1900 is intended to address what is, and what is not recoverable for expenses associated with adjudicating permanent (not temporary) rates.”

(emphasis in original).

The Department’s belief that recovery is allowed only for “adjudicating permanent (not temporary) rates” is based on a misreading of the Rules. Rule 1903.05 defines a “full rate case” as “a proceeding in which a revenue requirement is established for a utility....” (emphasis added). The full rate case is the entire proceeding, except as

disallowed by Rule 1907.01. It is not just the limited part or phase of a proceeding “associated with adjudicating permanent [...] rates” as the Department argues.

In fact, by statute, RSA 378:27 – 29, temporary rates and reconciliation can *only* occur in a full rate case proceeding in which permanent rates are set. Similarly, Lakes Region’s Step Adjustment is an “adjustment” to permanent rates which could only occur in this proceeding “in which a revenue requirement [was] established ... and rates [were] set to meet that revenue requirement pursuant to Puc 1604.”<sup>1</sup> Both the temporary rate reconciliation and the Step Adjustment were incorporated into Lakes Region’s full rate case “proceeding” by the April 28, 2022 *Settlement Agreement for Permanent Rates* approved by Commission Order No. 26,633.

It is respectfully requested that, rather than read an unwritten and undefined exemption into its Rules, the Commission should follow its own rules which *require* that Lakes Region recover its “just and reasonable” “non-recurring” expenses associated with its full rate case proceeding, except as disallowed by Rule Puc 1907.01. In this case, both the temporary rate recoupment and the Step Adjustment were critical parts of the April 28, 2022 *Settlement Agreement for Permanent Rates* approved by Order No. 26,633, which makes all of the expenses recommended by the October 26, 2023 *Settlement Agreement* recoverable by Rule and for the reasons stated.

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<sup>1</sup> Lakes Region notes that *recurring* adjustments used by other utilities such as for WICA or fuel adjustment charges may occur outside of a full rate case and may not be recoverable under Rule Puc 1900 Rules. However, that question is outside the scope of this proceeding.

Respectfully submitted,

**LAKES REGION WATER CO., INC.**

By its Counsel,

**NH WATER LAW**



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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was this day forwarded to all parties on the official service list for this proceeding.



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Justin C. Richardson