

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

LAKES REGION WATER COMPANY, INC.

Docket No. DW 20-187

Request for Change in Rates

SETTLEMENT AGREEMENT – TEMPORARY RATES

I. INTRODUCTION

This Settlement Agreement for Temporary Rates (Settlement Agreement) is entered into this 30th day of August, 2021, by and among Lakes Region Water Company, Inc. (Lakes Region or the Company) and the representatives of the Department of Energy (Energy or Department) participating in this proceeding (collectively, the Settling Parties), in order to set temporary rates for the Company, pursuant to RSA 378:27.

II. BACKGROUND

Lakes Region is a regulated utility defined by RSA 362:2 and RSA 362:4, providing water service to approximately 1,800 customers in the communities of Moultonborough, Laconia, Tuftonboro, Thornton, Campton, Conway, Freedom, Gilford, Tamworth, Ossipee, and Albany. On November 30, 2020, Lakes Region filed its notice of intent to file rate schedules. The New Hampshire Public Utilities Commission (Commission) directed Lakes Region to file a full rate case “no later than December 31, 2020, utilizing a 2019 test year.” *Lakes Region Water Company, Inc.*, Order No. 26,340 at 9 (March 26, 2020). On December 29, the Company filed an assented-to motion to extend the filing deadline until January 15, 2021, which the Commission granted by Secretarial Letter on January 5, 2021.

On January 15, 2021, Lakes Region submitted its Petition for Permanent and Temporary Rate Increases (Petition). In the Petition, the Company requested an increase in, and consolidation of, its permanent rates, including the rates for its Consolidated Tariff Systems, Dockham Shores Division, and Wildwood Division. In the event that the Commission does not approve consolidation of rates, Lakes Region proposed a permanent rate increase for each individual rate group. The Company also requested, among other things, a temporary rate increase for each individual rate group, and the possibility of converting all customer bills from a quarterly billing cycle to a monthly billing cycle.

On February 26, 2021, the Company amended its proposed temporary and permanent rate tariffs with a proposed effective date of February 28, 2021. A Motion to Amend Temporary Rate Request also accompanied the Company's amended tariffs.¹ For temporary rates, Lakes Region proposed an increase to its Consolidated Tariff Systems of 4.51 percent and Wildwood Division of 39.30 percent, and requested temporary rates at current rates for its Dockham Shores Division.

The following table represents Lakes Region's requested temporary rates. The proposed quarterly base charges shown are compared to the Company's current quarterly base charges. The consumption charges are calculated per 100 cubic feet (ccf). The Dockham Shores current tariff charges a consumption rate per 100 gallons, but also provides the equivalent charge per ccf. For ease of comparison, the consumption charges have all been converted to per ccf consumed. One ccf is equivalent to 748 gallons of water.

¹ Lakes Region's motion requested that temporary rates for the Dockham Shores Division be established at its existing rates recently approved in Commission Order No. 26,446 (January 28, 2021) in Docket No. DW 19-177.

PROPOSED TEMPORARY RATE INCREASE PER COMPANY FILING

Rate Group	Current Base Charge	Proposed Temporary Base Charge	Current Consumption Charge	Proposed Temporary Consumption Charge
Consolidated Tariff Systems (Divisions with Consumption Charge)	\$145.42	\$151.98	\$5.66	\$5.90
Consolidated Tariff Systems (Divisions without Consumption Charge)	\$184.89	\$193.23	N/A	N/A
Consolidated Tariff System (Waterville Valley Gateway – Pool)	\$429.32	\$448.67	N/A	N/A
Dockham Shores	\$145.42	\$145.42	\$5.66	\$5.66
Wildwood	\$130.50	\$181.79	N/A	N/A

On March 8, 2021 Lakes Region filed an Affidavit of Notice stating that the Company provided notice to customers of its requested rate increases by first class mail sent on February 26 and March 1, 2021, as required by N.H. Code Admin. R., Puc 1203.02 (c)(2). The Commission issued an Order Suspending Proposed Tariffs and Scheduling Prehearing Conference, Order No. 26,463, on March 26, which Lakes Region published on its website that same day. The Company followed with its affidavit of publication on April 20, 2021.

On April 7, 2021, LOV submitted a petition to intervene, which the Company assented to on April 22. LOV updated its petition to intervene on May 27, which the Commission granted,

subject to certain conditions, on August 3. After discovery and multiple technical sessions, the Settling Parties reached an agreement on temporary rates, as described below.

III. TERMS OF SETTLEMENT AGREEMENT

A. Temporary Rates.

The Settling Parties agree that, in accordance with RSA 378:27, temporary rates, based on the Lakes Region’s Temporary Rate filing and the books and records on file with the Commission, should be established as follows:

<u>Lakes Region Division</u>	<u>Pro Forma Test Year Water Sales²</u>	<u>Proposed Annual Water Sales</u>	<u>Proposed Dollar Increase</u>	<u>Proposed Percent Increase</u>
Consolidated Tariff Systems ³	\$1,257,091	\$1,313,764	\$56,673	4.51%
Dockham Shores Division ⁴	\$ 54,413	\$ 54,413	\$ 0	0.00%
Wildwood Division ⁵	\$ 25,645	\$ 33,339	\$ 7,694	30.00%
Total	<u>\$1,337,149</u>	<u>\$1,401,516</u>	<u>\$64,367</u>	<u>4.81%</u>

The Settling Parties agree to the increase with the anticipation that the Commission will consider a consolidation of all rate groups upon its final determination of permanent rates.

B. Resulting Temporary Customer Rates

The Settling Parties agree that the following temporary rates, based upon the proposed increases in the Company’s pro forma water sales, are just and reasonable. The Settling Parties agree that the current permanent rates shall be temporarily increased as follows:

² Reflective only of water sales to Lakes Region’s general tariffed customers. Not inclusive of Lakes Region’s test year water revenues received under its special contract with the Property Owners Association at Suissevale, Inc. (POASI).

³ See Lakes Region Water Company, Inc., Temporary Rate Schedules at 2, January 15, 2021 (“LRWC (w/o DS & WW) – Temporary Rates, Schedule 1”).

⁴ See New Hampshire Public Utilities Commission Staff, Settlement Agreement Attachments at 40, December 4, 2020.

⁵ See Lakes Region Water Company, Inc., Temporary Rate Schedules at 30, January 15, 2021 (“Lakes Region Water Company – Wildwood – Temporary Rates, Schedule 1”).

PROPOSED TEMPORARY RATE INCREASE PER SETTLEMENT AGREEMENT

Rate Group	Current Base Charge	Proposed Temporary Base Charge	Current Consumption Charge	Proposed Temporary Consumption Charge
Consolidated Tariff Systems (Divisions with Consumption Charge)	\$145.42	\$151.98	\$5.66	\$5.90
Consolidated Tariff Systems (Divisions without Consumption Charge)	\$184.89	\$193.23	N/A	N/A
Consolidated Tariff System (Waterville Valley Gateway – Pool)	\$429.32	\$448.67	N/A	N/A
Dockham Shores	\$145.42	\$145.42	\$5.66	\$5.66
Wildwood	\$130.50	\$169.65	N/A	N/A

C. Effective Date

The Settling Parties agree that the effective date for these temporary rates should be the earlier of October 1, 2021, or the date the Commission issues an order on temporary rates, on a service-rendered basis.

D. Reconciliation

The Settling Parties agree that temporary rates will be subject to reconciliation pursuant to RSA 378:29, effective the earlier of October 1, 2021, or the date the Commission issues a temporary rate order, after the final determination of rates is ruled upon by the Commission in this docket.

E. Compliance Tariff

The Settling Parties agree that, provided the Commission approves the proposed Settlement Agreement, the Company will submit compliance tariffs within 15 days after the issuance of a Commission Order.

F. Illustration and Comparison of Rate Impacts.

The Settling Parties agree upon Schedule 1 (attached), to illustrate and compare existing rates to the temporary rates proposed in this Settlement Agreement. Schedule 1 illustrates and compares the rate impacts under the four scenarios based on average or typical consumption during the test year ending December 31, 2019.

IV. CONDITIONS

A. This Settlement Agreement is expressly conditioned upon the Commission's acceptance of all its provisions, without change or condition. If the Commission does not accept the Settlement Agreement in its entirety, without change or condition, or if the Commission makes any findings that go beyond the scope of this Settlement Agreement, and the Settling Parties are unable to agree with said changes, conditions, or findings, the Settlement Agreement shall be deemed withdrawn and shall not constitute any part of the record in this proceeding and shall not be used for any other purpose.

B. The Settling Parties agree that the Commission's acceptance of the Settlement Agreement does not constitute continuing approval of, or precedent for, any particular issue in this proceeding other than those specified herein.

C. This Settlement Agreement may be executed in multiple counterparts, which together shall constitute an agreement.

IN WITNESS WHEREOF, the Settling Parties have caused this Settlement Agreement to be duly executed in their respective names by their agents, each being fully authorized to do so on behalf of their principal.

LAKES REGION WATER COMPANY, INC.
By Its Attorney,

NH WATER LAW

Dated: August 30, 2021 By: Justin Richardson (#12148)
Justin C. Richardson, Esq.

DEPARTMENT OF ENERGY

Dated: August 30, 2021 By: /s/ Christopher R. Tuomala
Christopher R. Tuomala, Esq.
Department Attorney

Schedule 1

Lakes Region Water Company
DW 20-187
Temporary Rates
Proposed Customer Bills

	<u>Quarterly Customer Bills</u>			<u>Annual Customer Bills</u>		
	<u>LRWC</u>	<u>Settlement</u>		<u>LRWC</u>	<u>Settlement</u>	
	<u>Proposed</u>	<u>Temp.</u>		<u>Proposed</u>	<u>Temp.</u>	<u>Temp. Rates</u>
	<u>Current</u>	<u>Temp</u>	<u>Rates</u>	<u>Current</u>	<u>Temp</u>	<u>Temp. Rates</u>
<u>LRWC Metered Customers</u>						
Base Rate	\$ 145.42	\$ 151.98	\$ 151.98	\$ 581.68	\$ 607.92	\$ 607.92
2019 avg cust usage 100ccf	(1) 6.885	6.885	6.885	(3) 27.539	27.539	27.539
Volume Rate per 100ccf	5.66	5.90	5.90	5.66	5.90	5.90
Volume Charge	\$ 38.97	\$ 40.62	\$ 40.62	\$ 155.87	\$ 162.48	\$ 162.48
Total Charge	\$ 184.39	\$ 192.60	\$ 192.60	\$ 737.55	\$ 770.40	\$ 770.40
<u>LRWC Unmetered Customers</u>	\$ 184.89	\$ 193.23	\$ 193.23	\$ 739.56	\$ 772.92	\$ 772.92
<u>LRWC Waterville Valley Gateway Pool</u>	\$ 429.32	\$ 448.67	\$ 448.67	\$ 1,717.28	\$ 1,794.68	\$ 1,794.68
<u>DS Meter Customers</u>						
Base Rate	\$ 145.42	\$ 145.42	\$ 145.42	\$ 581.68	\$ 581.68	\$ 581.68
2019 avg cust usage 100gal	(2) 102.54	102.54	102.54	(4) 410.15	410.15	410.15
Volume Rate per 100gal	(5) 0.757	0.757	0.757	0.757	0.757	0.757
Volume Charge	\$ 77.62	\$ 77.62	\$ 77.62	\$ 310.48	\$ 310.48	\$ 310.48
Total Charge	\$ 223.04	\$ 223.04	\$ 223.04	\$ 892.16	\$ 892.16	\$ 892.16
<u>Wildwood Unmetered Customers</u>	\$ 130.50	\$ 181.79	\$ 169.65	\$ 522.00	\$ 727.16	\$ 678.60

Notes: (1) 2019 avg qtrly cust usage 100ccf is 22,885,808 / 1,111 / 748 / 4 = 6.885.

Notes: (2) 2019 avg qtrly cust usage 100gal is 2,501,900 / 61 / 100 / 4 = 102.54.

Notes: (3) 2019 avg annual cust usage 100ccf is 22,885,808 / 1,111 / 748 = 27.539.

Notes: (4) 2019 avg annual cust usage 100gal is 2,501,900 / 61 / 100 = 410.15.

Notes: (5) To convert rate from ccf to 100gal: (\$5.66 / 748) x 100 = \$0.757