

**BEFORE THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

Docket No. DW 22-058

Bedford Waste Services Corporation
Rate Proceeding

SETTLEMENT AGREEMENT ON TEMPORARY RATES

I. INTRODUCTION

This settlement agreement (Agreement) is entered into by and between Bedford Waste Services Corporation (Bedford, or the Company) and the New Hampshire Department of Energy (DOE), (together, Settling Parties). Bedford provides sewer service to 78 customers in the Bedford Three Corners Development located within the Town of Bedford, New Hampshire.

II. BACKGROUND

On September 15, 2022, Bedford filed its Notice of Intent to file rate schedules with the New Hampshire Public Utilities Commission (Commission). The Commission acknowledged this filing and opened the instant docket on September 19, 2022.

On October 17, 2022 Bedford filed its rate schedules increasing its permanent rates and a petition for approval of temporary rates. Bedford sought an initial increase in its permanent rates by 39.47% and two subsequent step adjustments resulting in a combined additional rate increase of 26.68%, for a total proposed increase in customer rates of 66.15%. Bedford also filed a petition for approval of an interim temporary rate increase of 18.85%. Bedford filed testimony and supporting materials in accordance with PART Puc 1604.

On November 1, 2022, the Commission issued Order No. 26,717, suspending for a period not to exceed 12 months the proposed tariffs for temporary and permanent rate increases; commencing an adjudicative proceeding; and scheduling a prehearing conference for December

14, 2022. The Commission ordered Bedford to send a copy of the order to all current and known prospective customers. The Commission also ordered that any intervention requests be filed by no later than November 28, 2022.

On November 15, 2022, the DOE filed a position statement recommending the Commission consider Bedford's financing petition in Docket No. DW 22-054 in conjunction with this docket. The DOE included with its recommendation, copies of data responses received from Bedford in Docket No. DW 22-054.

On December 14, 2022, the Commission held a prehearing conference attended by Bedford and the DOE. No petitions to intervene were filed. In a technical session following the prehearing conference, Bedford and the DOE developed a proposed procedural schedule to govern the proceeding.

On December 15, 2022, Bedford timely filed its affidavit that, on November 10, 2022, it had sent by first class mail to its 78 customers a copy of the Commission's order.

The DOE filed an assented to proposed procedural schedule with the Commission on December 21, 2022. The Commission approved the proposed schedule by a procedural order on the same day.

On January 24, 2023, the DOE filed an assented to request to modify the proposed procedural schedule. On January 26, 2023, the Commission approved the proposed modification.

On January 30, 2023, Attorney Marcia Brown filed an appearance as legal counsel for Bedford.

On February, 7, 2023, Bedford filed its initial update report of rate case expenses.

On February 9, 2023, the Commission issued a procedural order rescheduling the hearing on permanent rates from July 19, 2023 to July 12, 2023.

III. SCOPE OF STIPULATION

A. This Agreement is entered into by the Settling Parties.

B. This Agreement constitutes the Settling Parties' recommendation to the Commission with respect to temporary rates in this docket.

C. Under this Agreement, the Settling Parties agree that this Agreement constitutes resolution of the issues specified herein only.

D. This Agreement shall not be deemed an admission by any Settling Party that any allegation or contention in this proceeding by any Settling Party, other than those specifically agreed to herein, is true and valid. This Agreement shall not be deemed to foreclose any party from taking any position in any future proceedings.

E. It is specifically understood and agreed in this regard that this Agreement pertaining to proposed temporary rates is signed with a complete reservation of the respective Settling Parties' rights concerning the final permanent rates determination in this proceeding, that challenges to Bedford's proposed permanent rates may be raised and asserted in the final rates segment of this proceeding and that a complete reconciliation shall be provided under RSA 378:29 in the permanent rates determination to address any charges established to be unwarranted under the agreed temporary rates.

F. The Settling Parties agree that all documentation supporting the petition should be admitted as full exhibits for the purpose of consideration of this Agreement and be given the weight the Commission deems appropriate.

IV. TERMS OF AGREEMENT

A. The Settling Parties agree that, in accordance with RSA 378:27, temporary rates, based on the books and records on file with the Commission, be set at 16.19% over existing base rates, which will increase Bedford's annual revenue requirement from \$48,292 recognized by the Company during 2021 to \$56,467. This translates into an annual increase of \$100.86 (\$25.22 per quarter) in Bedford's present annual charge per customer of \$623.08 (\$155.77 per quarter), resulting in an annualized temporary rate charge per customer of \$723.94 (\$180.99 per quarter). The derivation of this proposed rate increase is detailed in Attachment A to this Agreement. The agreed-to temporary rate increase is somewhat different than that proposed by Bedford as follows: (1) the temporary rate uses a return on rate base of 6.8% instead of Bedford's originally requested 8%; (2) An additional \$1,882 is included in the Company's Accumulated Depreciation account in recognition of the Company's proposed pro forma adjustment of the same amount to Bedford's Depreciation Expense account in its original filing. This reduces the Company's proposed Rate Base amount from \$97,148 to \$95,266; (3) As a result of the previous two adjustments, Bedford's Operating Income Requirement has been reduced by \$1,294 from \$7,772 as originally proposed by the Company to \$6,478 as reflected in this Agreement.

B. The Settling Parties agree that the effective date for the temporary rates should be November 17, 2022, on a service-rendered basis. This date is subsequent to the actual notice provided to customers of Bedford's rate filing, which, as stated in the Company's affidavit, was November 10, 2022.

C. The Settling Parties agree that temporary rates should be subject to reconciliation, pursuant to RSA 378:29, after the final determination of permanent rates by the Commission. The Settling Parties agree that the above proposed temporary rates are just and reasonable and

that given the recoupment mechanism afforded under RSA 378:29, the rates will yield operating revenues sufficient to enable Bedford to pay its expenses and meet its financial obligations.

V. CONDITIONS

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

B. The discussions that produced this Agreement have been conducted on the explicit 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.

C. This Agreement may be signed electronically, by facsimile, and in 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.

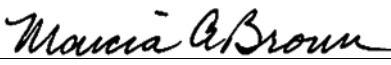
IN WITNESS WHEREOF, the Settling Parties to this Agreement have caused the Agreement to be duly signed in their respective names by their fully authorized agents.

IN WITNESS WHEREOF, the Settling Parties to this Agreement have caused the Agreement to be duly signed in their respective names by their fully authorized agents.

BEDFORD WASTE SERVICES CORPORATION

By its Attorney,

Dated: March 16, 2023




Marcia A. Brown, Esq.

N.H. DEPARTMENT OF ENERGY

By its Attorneys,

Dated: March 16, 2023



Matthew Young, Esq.

Bedford Waste Services Corp

1604.07a(2)

Statement of Income

Schedule 1

Line No.	Account Title (Number) (a)	Actual 2021 Year End Balance (b)	Proforma Adjustments (c)	Proforma 2021 Year End Balance (d)	Actual 2020 Year End Balance (e)	Actual 2019 Year End Balance (f)
	UTILITY OPERATING INCOME					
1	Operating Revenues(400)	\$ 48,292	\$ 8,175	\$ 56,467	\$ 48,706	\$ 50,223
2	Operating Expenses:					
3	Contracted Services	17,545	-	17,545	20,033	13,552
4	Insurance	826	-	826	633	502
5	Regulatory Commission	260		260	291	290
6	Bad Debt	16,475	(16,475)	-	211	-
7	Miscellaneous	790		790	640	602
8	Total Operating and Maintenance Expense (401)	\$ 35,896	\$ (16,475)	\$ 19,421	\$ 21,808	\$ 14,946
9	Depreciation Expense (403)	26,896	1,882	28,778	25,634	25,228
10	Amortization of Contribution in Aid of Construction (405)	(2,157)	-	(2,157)	(2,157)	(2,157)
11	Amortization of Utility Plant Acquisition Adjustments (406)					
12	Amortization Expense-Other (407)					
13	Taxes Other Than Income (408)	3,947	-	3,947	4,369	4,413
14	Income Taxes (409.1, 410.1, 411.1, 412.1)		-	-		(32)
15	Total Operating Expenses	\$ 64,582	\$ (14,593)	\$ 49,989	\$ 49,654	\$ 42,398
16	Net Operating Income (Loss)	(16,290)	22,768	6,478	(948)	7,825
17						
18	OTHER INCOME AND DEDUCTIONS					
19	Interest and Dividend Income (419)					
20	Allow. for funds Used During Construction (420)					
21	Nonutility Income (421)					
22	Gains (Losses) From Disposition of Nonutility Property (422)					
23	Miscellaneous Nonutility Expenses (426)					
24	Interest Expense (427)	(5,853)			(7,283)	(7,349)
25	Taxes Applicable To Other Income (409.2, 410.2, 411.2, 412.2)					
26	Total Other Income and Deductions	\$ (5,853)	\$ -	\$ -	\$ (7,283)	\$ (7,349)
27	NET INCOME (LOSS)	\$ (22,143)	\$ 22,768	\$ 6,478	\$ (8,231)	\$ 476

Bedford Waste Services Corp
Statement of Income - Proforma Adjustments

1604.07a(3)
Schedule 1A
Page 1 of 3

Operating Revenues

2021 Test Year Proforma Miscellaneous Revenues	\$ -
2021 Test Year Actual Miscellaneous Revenues	<u>(308)</u>
Proforma Adjustment	<u>\$ 308</u>
To adjust test year revenues for revenue needed in order for the Company to earn its rate of return and to recover its expenses.	
2021 Test Year Proforma	\$ 56,467
2021 Test Year Actual	<u>48,600</u>
Proforma Adjustment	<u>\$ 7,867</u>
To adjust test year revenues for revenue needed in order for the Company to earn its rate of return and to recover its expenses.	
Total Proforma Adjustment to Operating Revenues	<u>\$8,175</u>

Operation & Maintenance Expenses

Contracted Services - LaMontagne Management Corp	
2021 Test Year Proforma	\$ -
2021 Test Year Actual	<u>-</u>
Proforma Adjustment	<u>\$ -</u>
To adjust test year contracted services for owner oversight	
Contracted Services - Stephen P. St. Cyr & Associates	
2021 Test Year Proforma	\$ 12,221
2021 Test Year Actual	<u>12,221</u>
Proforma Adjustment	<u>\$ -</u>
To adjust test year contracted services for management services	
Contracted Services - Stephen P. St. Cyr & Associates - NHDOE Audit	
2021 Test Year Proforma	\$ -
2021 Test Year Actual	<u>-</u>
Proforma Adjustment	<u>\$ -</u>

To adjust test year contracted services for management services

Contracted Services - Melanson	Page 2 of 3
2021 Test Year Proforma	\$ 750
2021 Test Year Actual	<u>750</u>
Proforma Adjustment	<u>\$ -</u>

To adjust test year contracted services for increase in tax preparation service

Contracted Services - AAA Pump	
2021 Test Year Proforma	\$ -
2021 Test Year Actual	<u>-</u>
Proforma Adjustment	<u>\$ -</u>

To adjust test year contracted services for annual maintenance on pumping equipment

Contracted Services - Maznek	
2021 Test Year Proforma	\$ 4,555
2021 Test Year Actual	<u>4,555</u>
Proforma Adjustment	<u>\$ -</u>

To adjust test year contracted services for twice a year septic tank pumping service

Total Adjustments to Contracted Services	<u>\$ -</u>
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Insurance

2021 Test Year Proforma	\$ 826
2021 Test Year Actual	<u>826</u>
Proforma Adjustment	<u>\$ -</u>

To adjust test year insurance for increase in insurance premium

Bad Debt

2021 Test Year Proforma	\$ -
2021 Test Year Actual	<u>16,475</u>

Proforma Adjustment	<u>\$ (16,475)</u>
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To adjust test year insurance bad debt for one time write off

Miscellaneous	Page 3 of 3
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2021 Test Year Proforma	\$ 790
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2021 Test Year Actual	<u>790</u>
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Proforma Adjustment	<u>\$ -</u>
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Total Operation & Maintenance Expense Adjustments	<u>\$ (16,475)</u>
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Depreciation Expenses

2021 Test Year Proforma	\$ 28,778
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2021 Test Year Actual	<u>26,896</u>
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Proforma Adjustment	<u>\$ 1,882</u>
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To adjust test year depreciation expenses for annual amount

Amortization of CIAC

2021 Test Year Proforma	\$ (2,157)
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2021 Test Year Actual	<u>(2,157)</u>
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Proforma Adjustment	<u>\$ -</u>
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Taxes other than Income

2021 Test Year Proforma	\$ 3,947
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2021 Test Year Actual	<u>3,947</u>
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Proforma Adjustment	<u>\$ -</u>
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To adjust test year taxes other than income taxes for anticipated state and local property taxes

State Business Taxes

2021 Test Year Proforma	\$ -
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2021 Test Year Actual	<u>-</u>
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Proforma Adjustment	<u>\$ -</u>
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Bedford Waste Services Corp

1604.07a(7)

Schedule 2

Balance Sheet - Assets and Other Debits

Page 1 of 2

Line No.	Account Title (Number) (a)	Actual 2021 Year End Balance (d)	Actual 2020 Year End Balance (d)	Actual 2019 Year End Balance (d)
UTILITY PLANT				
1	Utility Plant (101-105)	\$ 647,002	\$ 634,836	\$ 627,300
2	Less: Accumulated Depr. and Amort. (108-110)	\$ 534,318	\$ 521,609	\$ 510,642
3	Net Plant	\$ 112,684	\$ 113,227	\$ 116,658
4	Utility Plant Acquisition Adj. (Net) (114-115)			
5	Total Net Utility Plant	\$ 112,684	\$ 113,227	\$ 116,658
OTHER PROPERTY AND INVESTMENTS				
6	Nonutility Property (121)			
7	Less: Accumulated Depr. and Amort. (122)			
8	Net Nonutility Property			
9	Investment in Associated Companies (123)			
10	Utility Investments (124)			
11	Total Other Property & Investments			
CURRENT AND ACCRUED ASSETS				
12	Cash (131)	766	1,125	6,310
13	Special Deposits (132)	147	147	147
14	Accounts and Notes Receivable-Net (141-144)	11,918	28,395	27,423
15	Plant Materials and Supplies (151)			
16	Prepayments (162-163)	1,074	800	1,083
17	Misc. Current and Accrued Assets (174)			
18	Total Current and Accrued Assets	\$ 13,905	\$ 30,467	\$ 34,963
DEFERRED DEBITS				
19	Miscellaneous Deferred Debits (186)	3,762	4,107	4,301
20	Accumulated Deferred Income Taxes (190)			
21	Total Deferred Debits	\$ 3,762	\$ 4,107	\$ 4,301
TOTAL ASSETS AND OTHER DEBITS		\$ 130,351	\$ 147,801	\$ 155,922

Bedford Waste Services Corp

1604.07a(8)

Schedule 2

Balance Sheet - Equity Capital and Liabilities

Page 2 of 2

Line No.	Account Title (Number) (a)	Actual 2021 Year End Balance (d)	Actual 2020 Year End Balance (d)	Actual 2019 Year End Balance (d)
EQUITY CAPITAL				
1	Common Stock Issued (201)	\$ 1,000	\$ 1,000	\$ 1,000
2	Preferred Stock Issued (204)			
3	Other Paid-In Capital (211)	25,000	25,000	20,000
4	Retained Earnings (217)	(78,940)	(56,798)	(48,567)
5	Proprietary Capital (proprietorships & partnerships) (218)			
6	Total Equity Capital	\$ (52,940)	\$ (30,798)	\$ (27,567)
LONG TERM DEBT				
7	Other Long-Term Debt (224)	134,217	143,946	152,566
CURRENT AND ACCRUED LIABILITIES				
8	Accounts Payable (231)			
9	Notes Payable (232)	18,000		
10	Customer Deposits (235)			
11	Accrued Taxes (236)		886	
12	Accrued Interest (237)			
13	Misc. Current and Accrued Liabilities (241)	11,547	12,083	7,082
14	Total Current and Accrued Liabilities	\$ 29,547	\$ 12,969	\$ 7,082
DEFERRED CREDITS				
15	Advances for Construction (252)			
16	Other Deferred Credits (253)			
17	Accumulated Deferred Investment Tax Credits (255)			
18	Miscellaneous Operating Reserves (265)			
19	Contributions In Aid of Construction - Net (271-272)	19,527	21,684	23,841
20	Accumulated Deferred Income Taxes (281-283)			
21	TOTAL EQUITY CAPITAL AND LIABILITIES	\$ 130,351	\$ 147,801	\$ 155,922

Bedford Waste Services Corp

1604.07a(11)

Rate Base

Schedule 3

Line No.	Account Title (a)	Actual 12/31/20 Balance (b)	Actual 3/31/20 Balance (c)	Actual 6/30/20 Balance (d)	Actual 9/30/20 Balance (e)	Actual 12/31/21 Balance (f)	Actual 5 Qtr Avg Balance (g)	Adjustments (h)	Proforma 2022 Balance (i)
1	Plant in Service	\$ 634,836	\$ 633,318	\$ 633,930	\$ 636,324	\$ 647,002	\$ 637,082	\$ 9,920	\$ 647,002
2	Less: Accumulated Depreciation	521,609	526,027	529,931	531,470	534,318	528,671	7,529	536,200
3	Net Utility Plant	\$ 113,227	\$ 107,291	\$ 103,999	\$ 104,854	\$ 112,684	\$ 108,411	\$ 2,391	\$ 110,802
4	Contribution in Aid of Construction - Net	(21,684)	(21,145)	(20,606)	(20,066)	(19,527)	(20,606)	1,079	(19,527)
5	Cash Working Capital	4,482	4,482	4,482	4,482	7,377	5,061	(1,070)	3,991
6	Total Rate Base	\$ 96,025	\$ 90,628	\$ 87,875	\$ 89,270	\$100,534	92,866	\$2,400	\$95,266

Bedford Waste Services Corp **1604.07a(12)**

Plant / Depreciation Expense / Accumulated Depreciation **Schedule 3A**

Plant in Service - 2021 year end \$ 647,002

Plant in Service - 5 quarter average 637,082

Plant in Service Adjustment \$ 9,920

To adjust Plant in Service for 12/31/21 year end balance

Accumulated Depreciation - 2021 year end \$ 534,318

Accumulated Depreciation - 5 quarter average 528,671

Accumulated Depreciation Adjustment \$ 5,647

To adjust Accumulated Depreciation for 12/31/21 year end balance

Accumulated Depreciation with additional 1/2 depreciation \$ 536,200

Accumulated Depreciation - 2021 year end 534,318

Accumulated Depreciation Adjustment \$ 1,882

To adjust Accumulated Depreciation for 12/31/21 year end balance

Total Accumulated Depreciation Adjustment \$ 7,529

CIAC / Amortization Expense / Accumulated Amortization

Contribution in Aid of Construction Net - 2021 year end \$ (19,527)

Contribution in Aid of Construction Net - 5 quarter average (20,606)

Contribution in Aid of Construction Net Adjustment \$ 1,079

To adjust Contribution in Aid of Construction Net for 12/31/21 year end balance

Cash Working Capital

Cash Working Capital - Proforma \$ 3,991

Cash Working Capital - 5 quarter average 5,061

Cash Working Capital Adjustment \$ (1,070)

To adjust Cash Working Capital for 12/31/21 year end balance

Bedford Waste Services Corp**Effective Tax Factor****Schedule 5**

Taxable Income	100.00%
Less: NH Business Profits Tax	7.70%
Federal Taxable Income	92.30%
Federal Income Tax Rate	21.00%
Effective Federal Income Tax Rate	19.38%
Add: NH Business Profit Tax	7.70%
Effective Tax Rate	27.08%
Percent of Income Available if No Tax	100.00%
Effective Tax Rate	27.08%
Percent Used as a Divisor in Determining the Revenue Requirement	72.92%
Tax Multiplier	37.14%

Bedford Waste Services Corp**Income Tax Computation****Schedule 6**

	<u>Actual</u>	<u>Proforma</u>
Total Rate Base	\$92,866	\$95,266
Equity Component of Cost of Capital	<u>0.00%</u>	<u>0.00%</u>
Operating Net Income Required	\$0	\$0
Interest Income	<u>0</u>	<u>0</u>
Taxable Income	\$0	\$0
Tax Effect (.3714)	<u>0</u>	<u>0</u>
Income Required before Income Taxes	\$0	\$0
Less: NH Business Profits Tax @ 7.7%	<u>0</u>	<u>0</u>
Income subject to Federal Taxes	\$0	\$0
Less: Federal Income Tax @ 21%	<u>0</u>	<u>0</u>
Income after Income Taxes	<u>\$0</u>	<u>\$0</u>

Bedford Waste Services Corp**Report of Proposed Rate Changes**

Utility Bedford Waste Services Corp.

Date Filed:

Tariff No.:

Effective Date:

Immediately

Sewer Rates

<u>Rate of Class of Service</u>	<u>Effect of Change</u>	<u>Number of Customers</u>	<u>Authorized Present Revenue</u>	<u>Proposed Revenue</u>	<u>Proposed Change Amount</u>
Residential	\$ 7,867	78	\$ 48,600	\$ 56,467	\$ 7,867
Misc.	308	-	(308)	-	308
Total	<u>\$ 8,175</u>	<u>78</u>	<u>\$ 48,292</u>	<u>\$ 56,467</u>	<u>\$ 8,175</u>
Avg.Res.Cust.	<u>\$ 100.86</u>		<u>\$ 623.08</u>	<u>\$ 723.94</u>	<u>\$ 100.86</u>
Avg.Res.Cust. Percentage					<u>16.19%</u>