



March 1, 2023

By email (ClerksOffice@puc.nh.gov)

Chairman Daniel C. Goldner
NH Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

RE: The Hampstead Area Water Company Inc. (HAWC) - DW 20-117
Step II Final Costs and Schedules Filing

Dear Chairman Goldner:

On July 20, 2022, the New Hampshire Public Utilities Commission (NHPUC) issued revised Order No. 26,635 approving the Settlement Agreement submitted by the Settling Parties. In the Settlement section V including subsections C & D titled "Step Adjustments I and II" and "Maximum Combined Effect of Permanent Rate Revenue Requirement, and Step I and Step II Adjustments", it states:

"In brief, the Settlement Agreement proposes for approval a permanent rate revenue requirement for effect upon issuance of a Commission order approving the proposed settlement, followed by two successive step adjustments (Step I and Step II), to be submitted for review in separate filings no sooner than June 20, 2022. Both step adjustments would be subject to audit by DOE Audit Division and effective dates that will be spread out to avoid rate shock. Proposed implementation dates are no sooner than December 16, 2022 for the Step I adjustment and no sooner than June 16, 2023 for the Step II adjustment."

The Settlement Agreement states the Settling Parties agree that the Company may file its Step II petition after June 20, 2022, and that the resulting rates, subject to Commission approval, will be effective no earlier than June 16, 2023. Once filed, the DOE Audit Division will review and submit a report to the parties in this docket. The DOE, and other parties to the docket, will then review the filing and resulting calculation, in conjunction with the Company, and submit a report to the Commission recommending a final revenue requirement increase and resulting rates.

Further, the Settling Parties agree that the proposed Step II adjustment, subject to DOE Audit Staff and the Settling Parties' review, will result in an increase not to exceed \$220,023 in the Company revenue requirement, utilizing a rate of return of 3.38%. The Company's rate base will increase by no greater than \$175,549, for a total not to exceed \$7,836,155. That is an

approximate 9.81 percent increase over pro forma 2019 test year water revenues of \$2,242,163, as set forth in the schedules included in Attachment C...

NHPUC Order 26,635 also states:

“FURTHER ORDERED, that HAWC shall file a petition for the proposed ... Step II Adjustment, no sooner than June 20, 2022, to be reviewed in a separate proceeding with the participation of the New Hampshire Department of Energy;”

Attached please find the Calculation of Step II Adjustment and supporting schedules. HAWC files its Step II Final Cost and schedules in Excel format. The schedules support an increase of \$214,344, less than the “not to exceed amount of \$220,023.” As such, HAWC respectfully request an increase of \$214,344. With HAWC’s request for an increase of \$214,344, once the DOE Audit Division and the parties have completed their review and reached an agreement on the overall revenue requirement, HAWC will need to determine the Step II rates.

HAWC will contact the DOE Audit Division to schedule a time for a site visit to audit the underlying Step II financial data.

If you have any questions, please do not hesitate to contact me. Thank you for your assistance with this matter.

Very truly yours,

/s/ *Anthony S. Augeri*

Anthony S. Augeri
General Counsel

TA/ht

Enclosures.

cc: service list