

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 20-184

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

Request for Change in Rates

Order Suspending Proposed Tariffs and Scheduling Prehearing Conference

ORDER NO. 26,449

January 29, 2021

This order suspends Aquarion Water Company of New Hampshire, Inc.'s proposed tariffs for temporary and permanent rate increases for 18 months pending further investigation. It also schedules a prehearing conference for March 10, 2021.

On November 18, 2020, Aquarion Water Company of New Hampshire, Inc. (Aquarion or the Company) filed a notice of intent to file rate schedules, accompanied by a request for a waiver of certain filing requirements contained in the New Hampshire Code of Administrative Rules, Puc 1604.1. On December 4, 2020, the Commission denied the waiver request and required the Company to provide an explanation within its rate case filing for any omitted items. The Office of the Consumer Advocate (OCA) filed a letter of participation on December 11, 2020.

On December 18, 2020, Aquarion submitted its Petition for Temporary and Permanent Rates (Petition). Aquarion requested an increase of \$1,373,351, or 18 percent, to previously authorized revenue requirement and its Water Infrastructure and Conservation Adjustment (WICA) revenues, and approval of a 10.25 percent return on equity.

Accompanying the Petition, Aquarion provided pre-filed testimony of Company witnesses Donald Morrissey, John Walsh, Daniel Lawrence, Carl McMorran, Debra Szabo, Dylan D'Ascendis, Ned Allis, and John Guastella. Aquarion also provided, among other things: various

schedules and attachments; proposed tariffs for temporary and permanent rates; and a motion for protective order and confidential treatment. The requested effective date for all proposed tariffs submitted is February 1, 2021.

The Petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted at <https://www.puc.nh.gov/Regulatory/Docketbk/2020/20-184.html>.

Aquarion proposes temporary rates to be set at current rates with the inclusion of the current Water Infrastructure and Conservation Adjustment (WICA) surcharge.¹ Specifically, the Company requests that the current WICA revenues, be moved into Aquarion's base rates, but "otherwise leaving the rate level unchanged." Petition at 6. While the resulting monthly amount due by customers would remain unchanged, the Company's tariffs, related to its consumption charge, fixed service rate, and WICA surcharge, if approved, would be modified to reflect the 7.5 percent surcharge. *Id.* at 597-604. That includes a tariff change to the fixed service charge for the 5/8 inch meter, from \$15.60 per month to \$16.77 per month, and a volumetric rate change, from \$4.536 per hundred cubic feet (ccf) of water consumed per month, to \$4.876 per ccf per month, for its year-round customers. *Id.*² The resulting WICA surcharge, furthermore, would be reset to zero percent. *Id.* at 605-606.

The Company proposes a permanent rate increase for its fixed service charge for both its year-round and seasonal customers. *Id.* at 13-24. That proposal includes an increase to the

¹ The WICA program was approved as a pilot mechanism, "intended to accelerate the replacement of aging infrastructure and allow Aquarion to recover through a monthly surcharge the fixed costs of non-revenue producing capital improvements completed and placed in service." *Aquarion Water Company of New Hampshire, Inc.*, Order No 26,245 at 2 (May 2, 2019). It is currently set at its cap, 7.5 percent. *Id.* at 1-2.

² One ccf is equivalent to 748 gallons of water. See <http://aquarionwater.com/conservation> (providing user-friendly conversion calculator).

monthly fixed rate for its 5/8 inch meter service charge, for its year-round customers, from \$15.60 per month to \$18.16 per month. *Id.* at 13-14. Aquarion also proposes a permanent rate increase for its consumption rate for both its year-round and seasonal customers, which includes a two-tier inclining block rate for its single-family residential customers. *Id.* at 13-18. The Company also proposes additional rate classes for its volumetric rate, including its multifamily and commercial customers. *Id.* All proposed volumetric charges are an increase from its current monthly rate of \$4.536 per ccf. *Id.*

For single-family, year-round residential customers, the Company proposes a two-tier inclining block rate structure: a monthly volumetric rate of \$5.810 for each ccf consumed up to 6 ccf; and a monthly rate of \$7.263 per ccf for each ccf consumed thereafter. *Id.* at 13-14. Aquarion also requests an increase to its private and public fire service rates, including an increase in its annual municipal hydrant charge, from \$1,740.41 per year to \$2,286.62 per year. *Id.* at 19-22.

The Company, furthermore, proposes several adjustments to its current ratemaking mechanism, including: a revenue adjustment mechanism (RAM) to decouple revenue, allowing Aquarion to recover its revenue requirement in a given year; a Property Tax Reconciliation Adjustment Mechanism, which reconciles the most recent municipal and state property tax bills to the amount currently reflected in rates; and permanent approval of the WICA program. Aquarion also requests three consecutive, annual step adjustments to reflect certain plant improvements from 2020 through 2023. The Company, lastly, requests the discontinuation of its well monitoring obligations pursuant to a settlement agreement approved in Docket No. DE 97-226. Petition at 76-77.

The filing raises, inter alia, issues related to whether the proposed temporary rates are reasonable and sufficient to yield not less than a reasonable return on the cost of property of the utility used and useful in the public service less accrued depreciation, as required by RSA 378:27; whether the proposed permanent rates are just, reasonable, and lawful, as required by RSA 374:2, RSA 378:5, and RSA 378:7; whether those proposed increases will yield a just and reasonable rate of return on prudent, used, and useful capital investment in plant and equipment, less accrued depreciation as required by RSA 378:28; whether the institution of a two-tier inclining block volumetric rate for all of the Company's single-family residential customers, both year-round and seasonal, will result in permanent rates that are just, reasonable, and lawful, as required by RSA 374:2, RSA 378:5, and RSA 378:7; whether the proposed RAM, permanent WICA, and proposed Property Tax Reconciliation Adjustment Mechanism will result in just and reasonable rates that are lawful as required by RSA 374:2, RSA 378:5, RSA 378:7 and RSA 378:28; whether the proposed Property Tax Reconciliation Adjustment Mechanism comports with RSA 72:8-d and RSA 72:8-e; whether the three proposed annual step adjustments will result in just and reasonable rates that are lawful as required by RSA 374:2, RSA 378:5, RSA 378:7 and RSA 378:28; whether Aquarion's requested 10.25 percent ROE will produce rates that are just, reasonable, and lawful, as required by RSA 374:2, RSA 378:5 and RSA 378:7; the prudence of relevant investments; and whether discontinuation of the Company's well monitoring obligations pursuant to the settlement agreement approved in Docket No. DE 97-226 is appropriate.

On April 24, 2020, the Governor issued an executive order (Exhibit D to Executive Order #29) that extended the Commission's ability to suspend rate schedules by six months, from 12 to 18 months. *See* RSA 378:6, I(a). The extension applies to this proceeding, however, the Commission will endeavor to set rates as expeditiously as possible.

Aquarion's proposed tariff revisions warrant further investigation. Accordingly, we suspend the proposed tariff pages for 18 months pending our investigation pursuant to RSA 378:6, I(a). Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that the proposed tariff pages are suspended for a period of 18 months pursuant to RSA 378:6, I(a) and Exhibit D to Executive Order #29, pending investigation and further order of the Commission; and it is

ORDERED, that, consistent with Governor Christopher T. Sununu's Emergency Order #12, the Commission will hold a web-enabled remote prehearing conference, pursuant to N.H. Admin. R., Puc 203.15, on March 10, 2021, at 10:00 am, at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Admin. R., Puc 203.15. Members of the public who wish to access the prehearing conference may do so [by clicking here](#). **If you have any difficulty obtaining access to this remote event, please notify the Commission by calling (603) 271-2431 as soon as possible.** Parties will be provided with additional instructions prior to the prehearing conference; and it is

FURTHER ORDERED, that, immediately following the prehearing conference, Aquarion, Commission Staff, the Office of the Consumer Advocate, and any intervenors hold a web-enabled remote technical session to review the petition, discuss a procedural schedule, and allow Aquarion to provide any amendments or updates to its filing; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. R., Puc 203.12, Aquarion shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order on its company website within one day of this order, such publication to be documented by affidavit

filed with the Commission on or before March 8, 2021. The Commission will also publish this order on its website <https://www.puc.nh.gov/Regulatory/ordersofnotice.htm>; and it is

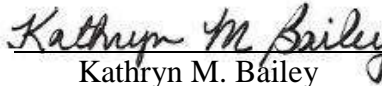
FURTHER ORDERED, that, consistent with N.H. Admin. R., Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission a Petition to Intervene with electronic copies sent to Aquarion and the Office of the Consumer Advocate on or before March 5, 2021, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities, or other substantial interests may be affected by the proceeding, consistent with N.H. Admin. R., Puc 203.17. Pursuant to the secretarial letter issued on March 17, 2020, (see <https://www.puc.nh.gov/Regulatory/Secretarial%20Letters/20200317-SecLtr-Temp-Changes-in-Filing-Requirements.pdf>), any party seeking to intervene may elect to submit this filing in electronic form; and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said objection on or before March 10, 2021.

By order of the Public Utilities Commission of New Hampshire this twenty-ninth day of January, 2021.

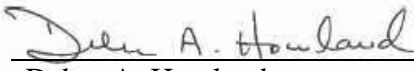


Dianne Martin
Chairwoman



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director

Service List - Docket Related

Docket#: 20-184

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