

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 22-058

BEDFORD WASTE SERVICES CORPORATION

Request for Change in Rates

**Order Suspending Proposed Tariffs, Commencing an Adjudicative
Proceeding, and Scheduling a Prehearing Conference**

ORDER NO. 26,717

November 1, 2022

This order suspends for 12 months the proposed tariffs for temporary and permanent rate increases filed by Bedford Waste Services Corporation (Bedford Waste or the Company) in the above-captioned docket, pending further investigation. It also commences an adjudicative proceeding and schedules a prehearing conference on Wednesday, December 14, 2022, at 9:00 a.m.

I. PROCEDURAL HISTORY

Bedford Waste, a sewer utility serving 78 residential customers in a neighborhood called Bedford Three Corners in Bedford, New Hampshire, filed a Notice of Intent to File Rate Schedules in the above-captioned docket on September 15, 2022. The New Hampshire Department of Energy (DOE) filed its appearance on September 20, 2022. On October 17, 2022, Bedford Waste submitted its rate filing, in which it requested temporary and permanent rate increases, and two step adjustment rate increases.

In support of its petition, Bedford Waste filed separate direct testimonies of Stephen P. St. Cyr of Stephen P. St. Cyr & Associates, which manages Bedford Waste's day-to-day operations. It also submitted other supporting documents, including related schedules and proposed tariffs. Bedford Waste's rate filing and subsequent docket

filings, other than any information for which confidential treatment is requested of or granted by the Commission, are available on the Commission's website at www.puc.nh.gov/Regulatory/Docketbk/2022/22-058.html.

The Company previously filed a petition for approval of financing on September 9, 2022, in Docket No. DW 22-054. In that petition, Bedford Waste requested that the Commission approve the proposed refinancing of a loan with the Merrimack County Savings Bank and other debt. On October 27, 2022, the DOE filed a position statement on Bedford Waste's financing request recommending that the Commission review it in conjunction with the Company's rate case.

A. Request for Permanent Rate Increase

In his written testimony in support of Bedford Waste's request for a permanent rate increase, Mr. St. Cyr stated that, based on the 12 months ending on December 31, 2021, the test year used, the Company had a revenue deficiency of \$23,719. Direct Testimony of Stephen St. Cyr on Permanent Rates (Permanent Rates Testimony), October 17, 2022, Perm. 29-30. Mr. St. Cyr testified that Bedford Waste's 2021 operation and maintenance expenses increased by \$14,928, or 30.06 percent, primarily due to uncollectible accounts related to one customer. *Id.* at Perm. 31. He noted that, as of December 31, 2021, Bedford Waste's capital structure consisted of negative 65 percent equity and 165 percent debt. *Id.* at Perm. 28.

Bedford Waste stated in its petition that the Commission approved an 8 percent rate of return in the Company's last rate case filed in Docket No. DW 04-144. Petition (Pet.), ¶ 3. The Company proposes using 8.09 percent, the cost of debt, as the new rate of return. *Id.*; Permanent Rates Testimony at Perm. 28. According to the Company, the proposed 8.09 percent rate of return would consist of the previously approved 8

percent rate of return plus the amortization of financing costs related to Bedford Waste's pending petition for approval of financing in Docket No. DW 22-054. *Id.*

The Company requests a permanent rate increase of 39.47 percent, which would increase annual revenues by \$19,488, effective November 15, 2022, for a total annual revenue requirement of \$67,780. *Id.* at Perm. 41; Summary of Requested Rate Relief. The average customer's annual bill would increase from \$623.08 to \$868.97, an increase of \$245.89. Permanent Rates Testimony at Perm. 41.

B. Request for Temporary Rate Increase

Bedford Waste requests a temporary revenue increase of \$9,469, an increase of 18.85 percent, effective November 15, 2022. Direct Testimony of Stephen St. Cyr on Temporary Rates, October 17, 2022, at Temp. 20. According to Mr. St. Cyr's testimony in support of the Company's request for temporary rates, the proposed temporary rate increase would be approximately 50 percent of the requested permanent rate increase and is designed to lessen the impact of a permanent rate increase. *Id.* at Temp. 10. If the Company's proposed temporary rate increase were approved, the average customer's annual bill would increase from \$623.08 to \$740.53, an increase of \$117.45, effective November 15, 2022. *Id.* at Temp. 20.

C. Step Adjustments

In addition to its proposed temporary and permanent rate increases, Bedford Waste proposes two separate step adjustments to recover the costs of pumps that have been or will be replaced in 2022 and 2023. According to the Company, the first step adjustment would recover the cost of the four pumps Bedford Waste has replaced thus far in 2022, or \$17,176, and three additional pumps it anticipates replacing before the end of the year, estimated to cost \$12,882, for a total of approximately \$30,057. Pet., ¶ 7; Permanent Rates Testimony at Perm. 27, 40. Bedford Waste

projects that it will replace seven pumps in 2023, also estimated to cost \$30,057, which amount it proposes to recover through a second step adjustment. Pet., ¶ 8; Permanent Rates Testimony at Perm. 40. Each step adjustment, if approved, would result in a net increase in the Company's net operating income, or revenue, of \$7,214. Permanent Rates Testimony at Perm. 40; Customer Statement.

II. ISSUES PRESENTED

The filing presents, *inter alia*, the following issues: whether certain investments were prudent; whether the proposed increases will yield a just and reasonable return on the prudent cost of plant, equipment, and capital improvements used and useful in Bedford Waste's provision of service to the public, less accrued depreciation, as required by RSA 378:27 and RSA 378:28; whether the proposed temporary and permanent rates are just and reasonable, as required by RSA 374:2, and RSA 378:5 and :7; whether Bedford Waste's requested 8.09 percent rate of return for permanent rates will produce rates that are just and reasonable, as required by RSA 374:2, and RSA 378:5 and :7; and whether the two proposed step adjustments will result in rates that are just and reasonable, as required by RSA 374:2, and RSA 378:5 and :7.

The Commission will be conducting any hearings scheduled in this matter in person. The Commission will consider requests to conduct hearings using a hybrid format to permit remote participation by a specific individual only if the Commission has determined that a sufficient reason has been provided for why that individual would be unable to attend in person. Any party requesting that a specific individual be permitted to participate remotely should file a written request with the Commission's Clerk's Office no later than fifteen (15) days prior to the prehearing conference or hearing date. If the Commission determines that one or more individuals will be

permitted to appear remotely, then individuals in the Commission's hearing room, including the Commissioners, will be broadcast on a web-enabled platform.

Based upon the foregoing, it is hereby

ORDERED, that Bedford Waste's proposed tariffs are suspended for a period of not to exceed twelve (12) months pursuant to RSA 378:6, I(a), pending investigation and further order of the Commission; and it is

FURTHER ORDERED, that an adjudicative proceeding be commenced for the purpose of reviewing and resolving the foregoing issues pursuant to RSA chapter 541-A, RSA 374:2, RSA 378:5 and :7; RSA 378:27, RSA 378:28, and the Commission's procedural rules; and it is

FURTHER ORDERED, that the Commission will hold a prehearing conference in this matter at its offices located at 21 S. Fruit St., Suite 10, Concord, New Hampshire, on December 14, 2022, at 9:00 a.m., at which each party should be prepared to address any of the issues set forth in New Hampshire Code of Administrative Rules, Puc 203.15; and it is

FURTHER ORDERED, that during the prehearing conference, the Commission will consider the matters listed in Puc 203.15(c) and (d), including the establishment of a procedural schedule governing the remainder of the proceeding. Parties and potential parties are encouraged to facilitate the development of a procedural schedule by conferring prior to the prehearing conference, so that the presiding officer can address any matters on which there is disagreement during the prehearing conference. Any procedural schedule, however, will not be approved until after the prehearing conference and after consulting the Commission's calendar; and it is

FURTHER ORDERED, that, immediately following the prehearing conference, Bedford Waste shall make appropriate personnel available for the parties, to hold a technical session to review the filing; and it is

FURTHER ORDERED, that any entity or individual may petition to intervene and seek to be admitted as a party in this proceeding. Each party has the right to have an attorney represent the party at the party's own expense; and it is,

FURTHER ORDERED, that, consistent with N.H. Admin. R., Puc 203.17 and Puc 203.02, any entity or individual seeking to intervene in the proceeding shall file with the Commission a petition to intervene with copies sent to Bedford Waste and any other parties on the service list, on or before November 28, 2022. The petition shall state the facts demonstrating how the petitioner's rights, duties, privileges, immunities, or other substantial interests may be affected by the proceeding, consistent with N.H. Admin. R., Puc 203.17; and it is

FURTHER ORDERED, that any party objecting to a petition to intervene make said objection on or before December 9, 2022; and it is

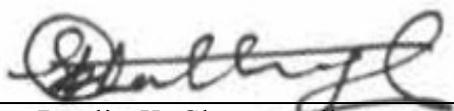
FURTHER ORDERED, that parties shall file any proposed exhibits, written testimony, motions, or other documents intended to become part of the record in this proceeding with the Commission. Pursuant to the secretarial letter issued on March 17, 2020, which is posted on the Commission's website at <https://www.puc.nh.gov/Regulatory/Secretarial%20Letters/20200317-SecLtr-Temp-Changes-in-Filing-Requirements.pdf>, all Commission rules requiring the filing of paper copies are suspended until further notice. Parties may elect to submit any filing in electronic form unless otherwise ordered by the Commission. Filings will be considered filed as of the time the electronic copy is received by the Commission; and it is

FURTHER ORDERED, that routine procedural inquiries may be made by contacting the Commission's Clerk's Office at (603) 271-2431 or ClerksOffice@puc.nh.gov. All requests to the Commission should be made in a written pleading filed with the Commission. Unless otherwise authorized by law, *ex parte* communications are prohibited; and it is

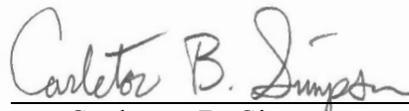
FURTHER ORDERED, that pursuant to N.H. Admin. R., Puc 203.12, Bedford Waste shall notify all entities and individuals desiring to be heard at this hearing by sending a copy of this order, in accordance with N.H. Admin. R., Puc 1604.03(g), to all current and known prospective customers of Bedford Waste and the Bedford Town Clerk by first-class United States mail, postmarked no later than November 15, 2022. In addition, the Clerk shall publish this order on the Commission's website no later than two business days after the date of issue; and it is

FURTHER ORDERED, that any hearings in this matter shall be conducted in accordance with the attached hearing guidelines.

By order of the Public Utilities Commission of New Hampshire this first day of November, 2022.



Pradip K. Chattopadhyay
Commissioner



Carleton B. Simpson
Commissioner

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

Service List - Docket Related

Docket#: 22-058

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