

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 20-184

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

Request for Change in Rates

**Order *Nisi* Approving Recovery of Rate Case Expenses and Recovery of the Rate
Recoupment Adder**

ORDER NO. 26,878

August 25, 2023

In this order, the Commission authorizes, on a *nisi* basis, Aquarion Water Company of New Hampshire, Inc. (Aquarion) to recover rate case expenses in the amount of \$399,925 through a 12-month surcharge of \$3.44 per customer. Furthermore, Aquarion is authorized to recover a rate recoupment adder in the amount of \$151,481 at a variable monthly rate based on customer class.

Aquarion's petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at

<https://www.puc.nh.gov/Regulatory/Docketbk/2020/20-184.html>.

I. BACKGROUND AND PROCEDURAL HISTORY

On July 29, 2022 the Commission approved a permanent rate settlement in this docket (Settlement Agreement), following Aquarion's filing of a rate case that had been mandated by the Commission in a prior proceeding. See Order No. 26,659; see also Order No. 26,245 (May 2, 2019) (requiring Aquarion to file its next rate case no later than 2020, and the approved Settlement Agreement, Hearing Exhibit 22, included both a decrease in permanent rates and a simultaneous step adjustment increase). The Commission approved the step adjustment by Order No. 26,761 (Order),

with an effective date of August 1, 2022. The Order was further clarified on February 6, 2023 by Order No. 26,771. The Settlement Agreement also included a provision for recovery of rate case expenses, subject to review, not to exceed \$428,675.

On March 31, 2023, Aquarion filed its request to recover rate case expenses. Aquarion acknowledged that the filing was not made within 30 days of the approval of settlement on permanent rates, as specified by the Settlement Agreement, but was made within 30 days of the final order on the step adjustment. In addition to its request to recover rate case expenses, Aquarion also proposed two tariffs reflecting the Commission's approval of the step adjustment and the recovery of rate case expenses. On May 12, 2023, the Commission suspended the proposed tariffs until September 1, 2023, pending Commission investigation of the proposed rates. *See* Order No. 26,818.

On June 9, 2023, Aquarion made a filing reducing its initial request to recover rate case expenses to \$399,925, based on input made by the New Hampshire Department of Energy (DOE) through the discovery process. Approval of this lower rate case expenses figure would result in a \$3.44 per customer per month surcharge.

Pursuant to the terms of the approved Settlement Agreement, Aquarion is also authorized to collect, through a recoupment adder, any disparity in revenues arising as a result of changes from temporary to permanent rates, as well as from permanent to step-adjusted rates. The proposed recoupment adder, filed with the Commission on March 31, 2023, was calculated using the volumetric charge from actual water usage and fixed charges by customer class and meter sizes. The recoupment adder reflects the total cumulative charges resulting from the rate changes from temporary to permanent rates, and then permanent to final rates over the period starting February 1, 2021, the effective date of temporary rates in this proceeding to February 28, 2023. *See* March 31, 2023 Proposed Tariff Pages. The net amount of the rate recoupment

adder is \$151,481, and is proposed for recovery by Aquarion through rate adjustments that vary by rate class and meter size.

On July 14, 2023, the DOE filed a report and Technical Statement regarding its review of Aquarion's rate case expenses and the proposed rate recoupment adder. The DOE supported Aquarion's request for recovery of rate case expenses, and noted that the proposed recoupment adder was consistent with the Settlement Agreement approved by Order No. 26,659. See DOE July 14, 2023, Technical Statement of Ms. Robyn J. Descoteau.

II. COMMISSION ANALYSIS

The Commission treats prudently incurred rate case expenses as a legitimate cost of service appropriate for recovery through rates, consistent with N.H. Code Admin. Rules Puc Chapter 1900. Puc 1904.02 sets forth the criteria for determining allowed rate case expenses, including that such expenses are consistent with the Chapter 1900 requirements, the costs are actual, known, and measurable expenses associated with a full rate case proceeding, and that recovery of the expenses is just, reasonable, and in the public interest, pursuant to the standards of RSA 378:7 See, e.g., *Hampstead Area Water Company, Inc.*, Order No. 26,185 (Oct. 30, 2018), at 4.

The rate case expenses in this matter were anticipated in the 2022 proposed settlement of permanent rates. The Commission held a duly noticed hearing on the Settlement Agreement, and resultant proposed rates, on June 22, 2022. Section 9 of the Settlement Agreement is entitled Rate Case Expenses and Temporary to Permanent Rate Recoupment. See Settlement Agreement, Hearing Exhibit 22, at Bates Page 12. This section anticipated the recovery of up to \$428,675 in estimated rate case expenses, which was updated to \$399,925 in Aquarion's updated filing made on June 9, 2023.

Aquarion's request to recover its rate case expenses in the amount of \$399,925 is found to be just and reasonable pursuant to RSA 378:7. We note that the DOE has provided its support for this rate case expense recovery figure, and no other party has objected to Aquarion's request. Furthermore, Aquarion has provided justification, supported by the record, as to why the rate cases expenses were submitted more than 30 days after the Commission's final order on permanent rates. Therefore, pursuant to Puc 201.05, the Commission waives Puc 1905.03 30-day deadline for filing recovery of rate case expenses and approves the rate case expenses in the amount of \$399,925 to be paid through a 12 month surcharge of \$3.44 per customer.

The rate recoupment adder that is being authorized was also reviewed in the context of the final hearing on permanent rates and the Order approving the step adjustment. The Technical Statement prepared by Ms. Robyn Descoteau of the DOE explains the rate adder, which is technically complex, as follows:

The Rate Recoupment Adder is fully described in the Settlement Agreement on Permanent Rates, Appendix 3, pages 51-52 previously approved by Order No. 26,659 (July 29, 2022) as well as the instant filing, Attachment 1 pages 1-4 and Attachment 2. Specifically, to maintain rate stabilization and avoid customer confusion, the Settling Parties agreed that the implementation date for both the Permanent Rate decrease and Step I Rate increase should be realized on the same date. The Company determined this date to be August 1, 2022. Therefore, using actual customer class and meter size data, Aquarion first calculated the resulting revenue decrease between the Temporary Rates authorized by Order No. 26,488 (June 21, 2021) and Permanent Rates authorized by Order No. 26,659 (July 29, 2022) from the approved effective date for Temporary Rates of February 1, 2021 through July 31, 2022. This amount totaled \$(490,065). Aquarion then calculated the resulting revenue decrease between the implementation of permanent/step rates to the effective date of the Commission's orders approving Step I (See Order No. 26,761 (January 19, 2023) and Order No 26,771 (February 6, 2023)) of August 1, 2022 through February 28, 2023. This amount totaled \$(149,352). Lastly, Aquarion calculated the revenue recovery amount between the implementation date of Step I Rates to the effective date of the Commission's Step I orders of August 1, 2022 through February 28, 2023. This amount totaled \$790,898. Therefore, the net rate recoupment adder is \$151,481 = [\$(490,065) + \$(149,352)]. See Technical Statement of Robyn Descoteau technical statement, Page 1 and 2.

For the typical residential 5/8 inch meter customer, the adder results in a monthly surcharge of \$2.56. The typical commercial 5/8 inch meter customer will pay \$4.44 per month and the typical public authority 5/8 inch meter customer will pay \$4.01 per month. A complete list of charges and credits for Aquarion's customers can be found in Attachment 2 of Aquarion's March 31, 2023 rate recoupment adder filing.

Aquarion and the DOE explained how the Step adder resulted in both a credit to some customers and an ultimate shortfall of \$151,481. Aquarion has provided sufficient explanation as to how the credits and shortfalls have been determined. The Commission approves the rate recoupment adder rates as submitted, as being just and reasonable pursuant to the standards of RSA 378:7.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that subject to the effective date below, Aquarion Water Company of New Hampshire, Inc. is authorized to recover \$399,925 in rate case expenses through a monthly surcharge of \$3.44 per customer over a period of 12 months; and it is

FURTHER ORDERED, that Aquarion is authorized to recover \$151,481, representing the rate recoupment adder initially authorized by Order No. 26,659, and to be recovered through the rates delineated by its March 31, 2023 filing; and it is

FURTHER ORDERED that the suspension period initially established by Order No. 26,818 (suspending the proposed tariffs submitted by Aquarion in connection with its proposals approved in this Order *nisi* until September 1, 2023) is hereby extended pursuant to the terms of RSA 378:6, I(b) until the effective date of this order *nisi*, at which time the suspension issued by Order No. 26,818 shall be lifted; and it is

FURTHER ORDERED that Aquarion Water Company of New Hampshire, Inc. shall post a copy of this order on the Company's website within two business days of

the date of this order (August 29, 2023), with an affidavit of publication to be filed with this office on or before September 5, 2023; and it is

FURTHER ORDERED, that all persons interested in responding to this order be notified that they may submit their comments or file a written request for a hearing, stating the reason and basis for a hearing, no later than September 8, 2023 for the Commission's consideration; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than September 15, 2023; and it is

FURTHER ORDERED, that this order shall be effective September 25, 2023, unless the Aquarion Water Company of New Hampshire, Inc. fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date; and it is

FURTHER ORDERED, that the Aquarion Water Company of New Hampshire, Inc. shall file a compliance tariff with the Commission on or before October 10, 2023, in accordance with New Hampshire Code of Administrative Rules, Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this twenty-fifth day of August, 2023.



Daniel C. Goldner
Chairman



Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 20-184

Printed: 8/25/2023

Email Addresses

ClerksOffice@puc.nh.gov
Kerry.Britland@eversource.com
douglas.brogan@gmail.com
jessica.chiavara@eversource.com
dcota@aquarionwater.com
Energy-Litigation@energy.nh.gov
robyn.j.descoteau@energy.nh.gov
mark.edward.ellis@gmail.com
david.n.goyette@energy.nh.gov
tklaes@blueridgecs.com
donald.m.kreis@oca.nh.gov
jayson.p.laflamme@energy.nh.gov
anthony.j.leone@energy.nh.gov
slowry@uptonhatfield.com
Molly.M.Lynch@energy.nh.gov
cmcmorran@aquarionwater.com
karen.j.moran@energy.nh.gov
dmullinax@blueridgecs.com
amanda.o.noonan@energy.nh.gov
ocalitigation@oca.nh.gov
jralston@keeganwerlin.com
justin@nhwaterlaw.com
dszabo@aquarionwater.com
lteixeira@aquarionwater.com
dvenora@keeganwerlin.com
jwalsh@aquarionwater.com
Matthew.C.Young@energy.nh.gov