

**STATE OF NEW HAMPSHIRE**  
**BEFORE THE**  
**PUBLIC UTILITIES COMMISSION**

**AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.**

**DW 16-123**

**PETITION FOR MONTHLY BILLING**

**SETTLEMENT AGREEMENT**

**I. INTRODUCTION**

This Settlement Agreement is entered into this 14 day of June, 2016, by and between the parties to this docket: Aquarion Water Company of New Hampshire, Inc. (“Aquarion” or the “Company”); Town of Hampton (“Hampton”); Office of the Consumer Advocate (“OCA”); and staff (“Staff”) of the New Hampshire Public Utilities Commission (“the Commission”); (together, “Settling Parties”).

**II. PROCEDURAL BACKGROUND**

On January 22, 2016, Aquarion filed a petition and requested approval to modify the frequency with which it bills its customers for water service. Specifically, Aquarion requested authority to change its quarterly billing practice to issue bills on a monthly basis. In addition, Aquarion sought to change its billing of service charges for its metered, private fire, and public fire service from in-advance to in-arrears. It sought to change its payment due date from thirty (30) to twenty-five (25) days in order to receive payments prior to the issuance of the next monthly bill. Although it requested to change its payment due date, Aquarion did not seek to change the date late payment fees would accrue; that would remain at thirty (30) days. Aquarion sought authority to change its service charge to a *per diem* basis so as to bill customers more

accurately and account for the fluctuation of days in any given month. Lastly, Aquarion sought permission to calculate the difference in its working capital related to the proposed billing changes and defer the annual difference for consideration in its next general rate case.

In support of its requests, Aquarion cited the following benefits of monthly billing: 1) promote water conservation; 2) sends more frequent usage data and price signals; 3) allows Aquarion to monitor usage more closely; 4) provides Aquarion with more information for responding to customer inquiries; 5) allows the Company to detect customer and Company leaks more promptly; 6) reduces unaccounted-for water and associated expenses; 7) improves the overall integrity of the distribution system; 8) provides greater predictability and budgeting control to customers; and 9) reduces expenses associated with collections and uncollectables. Aquarion also cited the following cases as support for its requests: *Investigation into Water Conservation*, Order No. 24,243 (2003); *Hampstead Area Water Company*, Order No. 25,000 (2009); *Pittsfield Aqueduct Company, Inc.*, Order No. 23,117 (1999); and *North Country Water Supply Inc.*, Order No. 20,957 (1993).

On February 12, 2016, the Town of Hampton filed a petition to intervene. On February 22, 2016, the Office of the Consumer Advocate filed a notice that it would be participating in the docket pursuant to RSA 363:28.

On February 22, 2016, Aquarion met with the Town of Hampton to discuss its proposed billing changes. On February 25, 2016, Aquarion filed a letter indicating that it had contacted the North Hampton Water Commission and that it supported Aquarion's request to change to monthly billing.

On February 29, 2016, the Town of Hampton filed a letter with the Commission and reported that its Board of Selectmen would be meeting to develop its position and on March 4,

2016, the Town of Hampton filed its position. The Town of Hampton opposed moving to billing in-arrears and stated that to do so would disrupt and potentially adversely impact its calendar-year budgeting and taxing pattern. The Town of Hampton also requested a hearing on the merits.

On March 9, 2016, the Commission issued an Order of Notice setting a prehearing and technical session for April 7, 2016. On March 28, 2016, Aquarion filed a letter describing its understanding of the Town of Hampton's concerns and its efforts to discuss and resolve those concerns with the Town of Hampton. On April 1, 2016, Aquarion filed affidavits that the Order of Notice and a display ad had been published as directed in the Order of Notice.

On April 7, 2016, the Commission held a prehearing and granted the Town of Hampton's intervention request. Thereafter, Staff and the parties met in a technical session and developed a proposed procedural schedule which included additional discovery. On April 8, 2016, Staff, on behalf of itself and the parties, filed a proposed procedural schedule. The Commission approved the procedural schedule by way of a secretarial letter dated April 11, 2016. Staff and the parties commenced discovery and met in a technical session on May 10, 2016. On May 26, 2016, the Town of Hampton filed the direct testimony of Frederick W. Welch, Town Manager. On May 27, 2016, Staff filed the direct testimony of Mark A. Naylor, Director of the Gas & Water Division and Amanda O. Noonan, Director of Consumer Services and External Affairs Division. On June 10, 2016, Staff and the parties met in a settlement conference and agreed upon the terms set forth in this Settlement Agreement.

### III. SUMMARY OF TERMS OF AGREEMENT

Staff, the OCA, Town of Hampton, and Aquarion agree to the following terms and request the Commission approve them:

- 1) Aquarion agrees to withdraw its request to render its bills for public fire protection service on an in-arrears basis rather than in-advance. Notwithstanding Section V of this Settlement Agreement, Aquarion will continue to bill public fire protection service customers on an in-advance basis and will not seek to change this billing procedure until at least its next general rate case.
- 2) Aquarion agrees to withdraw its requests: a) to calculate the difference in working capital related to the proposed billing changes; and b) to record that amount as a deferral on its books for consideration at its next general rate case. Withdrawal of the request to defer this working capital amount does not preclude Aquarion from raising the issue of what constitutes an appropriate and reasonable level of working capital at its next general rate case or in other future proceedings.
- 3) As stated in the pre-filed testimony of Debra Kirven at page 5, Aquarion will absorb and not defer for later consideration its annual increased costs for postage and IT-related costs associated with its instant requests to change its billing. Rather, the net of the savings and costs associated with changing to monthly billing are expected to be addressed at Aquarion's next general rate case in the context of the rates going forward from that time.
- 4) Aquarion agrees to not seek recovery of attorneys fees associated with this proceeding but acknowledges that attorneys fees for regulatory matters in general are already included in Aquarion's last authorized revenue requirement.
- 5) Aquarion, Staff, OCA, and the Town of Hampton agree that the Commission ought to grant Aquarion's requests: a) to convert metered and private fire protection customers from quarterly billing to monthly billing on a service-rendered basis; b) to calculate fixed services charges on a *per diem* basis to account for variations in the days of each billing month; c) to continue to bill public fire protection service customers on an in-advance basis; d) to convert billing for service charges for metered and private fire service customers from in-advance to in-arrears; e) to change the payment due date from thirty (30) days to twenty-five (25) days after the billing date; and f) to file appropriate tariff schedules reflecting these changes.

#### IV. EFFECTIVE DATE

Aquarion, Staff, OCA, and the Town of Hampton request that Aquarion be authorized to make the above changes to its billing practices as of the date of the Commission's order approving the same.

#### V. CONDITIONS

This Settlement Agreement shall not be deemed in any respect to constitute an admission by any party that any allegation or contention in these proceedings is true or valid. This Settlement Agreement is expressly conditioned upon the Commission's acceptance of all its provisions, without change or condition. If the Commission does not accept this Settlement Agreement in its entirety, without change or condition, the Settlement Agreement shall at the Company's or the other Settling Parties' option, exercised within ten days of such Commission order, be deemed to be null and void and without effect and shall not constitute any part of the record in this proceeding nor be used for any other purpose.

The Commission's acceptance of this Settlement Agreement shall not constitute continuing approval of, or precedent regarding, any particular principle or issue in this proceeding, but such acceptance does constitute a determination that the provisions set forth herein in their totality are consistent with the public interest under the circumstances. The signatories to this Settlement Agreement acknowledge that information and testimony previously provided in this proceeding are not expected to be subject to cross-examination for such purpose. The Company and Staff agree that all pre-filed testimony should be admitted as full exhibits for the purpose of consideration of this Settlement Agreement. The Settling Parties agree to admit all pre-filed testimony without challenge, however, that does not constitute agreement by any party that the content of the pre-filed testimony filed by another party is accurate or what weight,

if any, should be given to the views of any witness. In addition, the identification of the resolution of any specific issue in this Settlement Agreement does not indicate the Company's or any party's agreement to such resolution for purposes of future permanent rates, nor does the reference to any other document bind the Company or parties to the contents of, or recommendations in, such document for purposes of any future proceeding. The Commission's approval of the recommendations in this Settlement Agreement shall not constitute a determination or precedent with regard to any specific subject matter, but rather shall constitute only a determination that the above described requests associated with moving to monthly billing are consistent with the public interest.

The discussions that produced this Settlement 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.

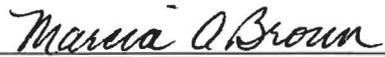
IN WITNESS WHEREOF, the Settling Parties to this Settlement Agreement have caused this agreement to be duly executed in their respective names by their fully authorized agents.

[See following pages for signatures]

AQUARION WATER COMPANY OF  
NEW HAMPSHIRE, INC.

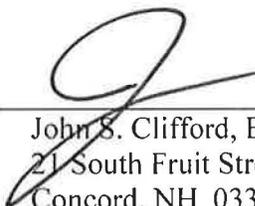
By its Attorneys,  
RATH, YOUNG & PIGNATELLI, P.C.

Dated: June 14, 2016

By:   
Marcia A. Brown, Esq.  
One Capital Plaza  
Concord, NH 03302-1500  
(603) 226-2600

COMMISSION STAFF

Dated: June 15, 2016

By:   
John S. Clifford, Esq.  
21 South Fruit Street, Suite 10  
Concord, NH 03301  
(603) 271-2431

OFFICE OF THE CONSUMER ADVOCATE

Dated: June 20, 2016

By:   
Nicholas J. Cicale, Esq.  
21 South Fruit Street, Suite 18  
Concord, NH 03301  
(603) 271-1172

TOWN OF HAMPTON

Dated: June 14, 2016

By:   
Frederick W. Welch, Town Manager  
100 Winnacunnet Road  
Hampton, NH 03842