

NHPUC 11SEP'19PM12:06

September 9, 2019

Ms. Debra A. Howland

Executive Director

New Hampshire Public Utilities Commission

21 South Fruit Street, Suite 10

Concord, New Hampshire 03301

Re: Docket No. DW 17-165 -PUC staff recommendation

Dear Ms. Howland

Please be advised that the Bretton Woods Property Owners ("BWPOA") and Forest Cottages submit the following comments and recommendations regarding the Staff's recommendations for Recovery of Rate Case Expenditures:

1. We do NOT believe that charges or other allocations from New England Service Company ("NESC") should be allowed for Recovery of Rate Case Expenditures for the following reasons:

- NESC already charges Abenaki on a daily/monthly and occurrence basis for many items as specified in the affiliate agreement dated April 1, 2018.
- The affiliate agreement is between NESC and its wholly owned subsidiary Abenaki Water Company. As such it certainly is not an "arm's length" negotiation. In fact the same individual recently signing on behalf of NESC signed on behalf of Abenaki in earlier years.
- The lease agreement between NESC and Abenaki specified a lease of \$1000/month. However there is no indication of how many square feet this lease is for. Therefore as this is not arm's length and is a related party payment there is not a mechanism to compare the lease payment on a square foot bases to other comparable market leases.

2. There are also individual items in the Rate Case Expenditures documentation submitted by Marcia Brown in behalf of Abenaki on July 11, 2019 that raise significant questions such that we believe NESC charges and allocations should not be allowed for Rate Recovery. Specifically:

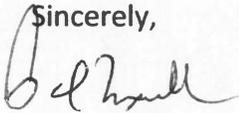
- On page 31 of 38 of the submitted documentation, NESC invoice charges Abenaki on the rate case at a rate of \$79.12 on 5/31/2019. If that is a per hourly charge that would annualize to \$164,570/year for a "Controller" (based on 2080 hours/year). We believe that is an excessive charge rate for a small water holding company with 9,392 customers and \$7,084,735 in revenues (2018 Consolidated Annual Report).
- The same individual noted above was invoiced at a rate of \$65.25 one month earlier in 4/30/2019 invoice (page 29 of 38). That represents an increase in the charge rate of 21% in one month. We believe that is an excessive increase that should not be allowed for Rate Case Recovery.

- On page 30 of 38 of the submitted documentation, NESC invoice charges Abenaki for "PD" at a rate of \$44 on 5/31/2019. If that is a per hourly charge that would annualize to \$91,520/year for a customer service/accounting manager. We believe that is an excessive charge rate. We also note that this represents a 17% increase from the rate charged one month earlier (\$37.79 on 4/30/2019 invoice). We believe that is an excessive increase that should not be allowed for Rate Case Recovery.
- On page 8 of 38 it appears NESC charges Abenaki "overhead allocations" for the Rosebrook Rate Case". As overheads are already built in to the hourly charges per the affiliate agreement we do not believe this should also be allowed for Rate Case Recovery.

3. We have an over-arching question as to whether it's appropriate for a publicly traded holding company to seek Rate Case Recovery for executive compensation. Executive Compensation is most likely salaried and therefore these amounts are not incremental expenditures. Therefore we do not believe it is appropriate to seek reimbursement for amounts charged by NESC to a directly wholly owned subsidiary.

4. Staff recommends that the Recovery Amount (Rate Case Expenditures and Reconciliation of Temporary to Permanent Rates) be on a usage basis rather than on a meter basis. We concur with staff's recommendation since there is significant differences between residential and commercial usage.

Sincerely,



Paul Mueller