

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DOCKET NO. DW 20-117

IN THE MATTER OF: HAMPSTEAD AREA WATER COMPANY, INC.
REQUEST FOR CHANGE IN RATES

DIRECT TESTIMONY AND EXHIBITS

OF

HOWARD SOLGANICK
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CONSULTANT TO
NEW HAMPSHIRE DEPARTMENT OF ENERGY

May 4, 2022

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LIST OF EXHIBITS

- Exhibit HS-1 Professional Experience, Qualifications and Prior Testimony of Howard Solganick
- Exhibit HS-2 HAWC Response to Steele 3-7
- Exhibit HS-3 Insurance Services Office, Inc. letter dated December 23, 2019, Atkinson
- Exhibit HS-4 Insurance Services Office, Inc. letter dated March 30, 2020, Hampstead
- Exhibit HS-5 HAWC Response to Staff TS 1-7
- Exhibit HS-6 Ms. Steele Response to DOE 1-1

1 **Introduction**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Howard Solganick. My business address is 810 Persimmon Lane, Langhorne,
4 PA 19047.

5 **Q. BY WHOM ARE YOU EMPLOYED?**

6 A. I am employed by Energy Tactics & Services, Inc., as a Principal and President. I am
7 performing this work as a subcontractor to Blue Ridge Consulting Services, Inc (“Blue
8 Ridge”).

9 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

10 A. I am testifying on behalf of the New Hampshire Department of Energy.

11 **Statement of Qualifications**

12 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

13 A. I received a Bachelor of Science in Mechanical Engineering (minor in Economics) from
14 Carnegie-Mellon University and a Master of Science in Engineering Management (minor
15 in Law) from Drexel University. I have taken courses on arbitration and mediation
16 presented by the American Arbitration Association, scenario planning presented by the
17 Electric Power Research Institute, and load research presented by the Association of Edison
18 Illuminating Companies. I have also taken courses in zoning and planning theory, practice,
19 and implementation in both New Jersey and Pennsylvania.

20

1 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.**

2 A. I have been actively engaged in the utility industry for over 45 years, during which I have
3 held utility management positions in generation, rates, planning, operational auditing,
4 facilities permitting, and power procurement. I have delivered expert testimony on utility
5 planning and operations, including rate design and cost of service, tariff administration,
6 generation, transmission, distribution and customer service operations, load forecasting,
7 demand-side management, capacity and system planning, and regulatory issues.

8 As a subcontractor, I have performed management audits for the Connecticut Department
9 of Public Utility Control and ratebase audits for the Public Utilities Commission of Ohio
10 and the Oregon Public Utility Commission. I also provide (as a subcontractor) support for
11 the Staff and Commissioners of the District of Columbia Public Service Commission for
12 electric and gas rate cases.

13 I have also been engaged (as a subcontractor) to review utility performance before, during,
14 and after outages, resulting from major storms in the state of Washington (major
15 windstorm), in the state of Missouri (summer storms and ice storm), in the state of Texas
16 (Hurricane Ike), in Jamaica West Indies (Hurricane Ivan), in the state of New Jersey (two
17 2011 storms—tropical storm Irene and a major snowstorm), and for a New England utility
18 (to review the emergency plan). Some of these assignments were at the request of the
19 utilities involved and others at the request of state utility regulators.

20 I have worked with utilities, intervenors, public service commissions, attorneys general,
21 and public advocates in Arizona, Connecticut, Delaware, District of Columbia, Georgia,
22 Maine, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, New Jersey, Ohio,
23 Oregon, Pennsylvania, Texas, Quebec, and Jamaica West Indies.

1 I have held licenses as a Professional Engineer in Pennsylvania (now inactive) and New
2 Jersey (now inactive). I held a Professional Planner's license (now inactive) in New Jersey.
3 I placed those licenses in inactive status as I no longer need the certification for the type of
4 work I am now performing.

5 I served on the Electric Power Research Institute's Planning Methods Committee and on
6 the Edison Electric Institute Rate Research Committee.

7 I have been appointed as an arbitrator in a case involving a pricing dispute between a
8 municipal entity and an on-site power supplier and in a commercial landlord-tenant case
9 concerning sub-metering and billing.

10 I previously served on two New Jersey Zoning Boards of Adjustment as Chairman and
11 member and a Pennsylvania Township Planning Commission as Chairman and member.

12 **Q. HAVE YOU INCLUDED A MORE DETAILED DESCRIPTION OF YOUR**
13 **QUALIFICATIONS?**

14 A. Yes. A description of my experience and qualifications is included as Exhibit HS-1.

15 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN REGULATORY**
16 **PROCEEDINGS?**

17 A. Yes. I have testified, presented testimony, and/or made presentations (Exhibit HS-1) before
18 regulatory bodies:

- 19 • Arizona Corporation Commission
- 20 • Delaware Public Service Commission
- 21 • Georgia Public Service Commission
- 22 • Jamaica (West Indies) Electricity Appeals Tribunal
- 23 • Maine Public Utilities Commission

- 1 • Maryland Public Service Commission
- 2 • Michigan Public Service Commission
- 3 • Missouri Public Service Commission
- 4 • Nebraska Public Service Commission
- 5 • New Jersey Board of Public Utilities
- 6 • Public Utilities Commission of Ohio
- 7 • Pennsylvania Public Utility Commission
- 8 • Public Utility Commission of Texas

9 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NEW HAMPSHIRE**
10 **PUBLIC UTILITIES COMMISSION?**

11 A. No, this is my first testimony in New Hampshire.

12 **Q. WHAT OTHER WORK HAVE YOU PERFORMED THAT HAS COME BEFORE**
13 **THIS COMMISSION?**

14 A. I have supported prior Blue Ridge work for Commission Staff in Docket No. DG 17-048
15 (Liberty Utilities).

16 A. **ARE YOU PERFORMING OTHER WORK IN NEW HAMPSHIRE AT THIS**
17 **TIME?**

18 A. Yes. As a subcontractor to the River Consulting Group, Inc., I am performing a mandated
19 Business Process Audit of Eversource Energy's capital planning process for the New
20 Hampshire Department of Energy in Docket No. DE 19-057. The same team is also
21 assisting the New Hampshire Department of Energy in Docket No. DE 21-004 concerning
22 Liberty's Least Cost Integrated Resource Plan (LCIRP) and in Docket No. DE 20-161
23 concerning Eversource's Least Cost Integrated Resource Plan.

1 **Purpose of Testimony**

2 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

3 A. The purpose of my testimony is to respond to the testimony of Ms. Karen Steele
4 encompassing the following issues:

- 5 • Class Cost of Service Study (CCOSS)
- 6 • Rate Design
 - 7 a. Rates for General Water Service
 - 8 b. Rates for Fire Service
- 9 • Enhancements to a future Class Cost of Service Study
 - 10 a. Plaistow Charges
 - 11 b. Rates for Miscellaneous Services

12 **Class Cost of Service**

13 **Q. PLEASE EXPLAIN WHAT A CLASS COST OF SERVICE STUDY (CCOSS) IS.**

14 A. A CCOSS allocates the costs of the utility across the various customer classes, and the
15 results are used to support cost-based rates for those classes.

16 **Q. HOW CAN A REGULATORY COMMISSION USE THE RESULTS OF A**
17 **CCOSS?**

18 A. While a CCOSS appears to be a calculation of what class rates should be under specific
19 allocation methodologies, a regulatory commission should consider not only the factual
20 study but also the rate design's economic, social, and other impacts on the utility's

1 customers and, to some extent, the general public. Thus, the CCOSS is often used as a
2 guideline or target for a regulatory commission.

3 **Q. IS THERE AN ACCEPTED INDUSTRY STANDARD FOR PERFORMING A**
4 **CCOSS?**

5 A. The “art” of performing a CCOSS for electric, gas, and water utilities has been studied and
6 written about by practitioners such as James C. Bonbright and organizations such as the
7 National Association of Regulatory Utility Commissioners, the American Gas Association,
8 the Water Environment Foundation, and the American Water Works Association. While
9 the utility service being analyzed may be electric, gas, sewer, or water, the underlying
10 principles of performing the CCOSS are consistent. In the case of a water utility, the
11 American Water Works Association’s Principles of Water Rates, Fees, and Charges aka
12 Manual of Water Supply Practices—M1 (“M1 Manual”) is a reasonable guide to preparing
13 a CCOSS for a water utility such as the Company.

14 **Q. PLEASE SUMMARIZE THE HAMPSTEAD AREA WATER COMPANY (HAWC**
15 **or “Company”) PRESENTATION ON CLASS COST OF SERVICE STUDY.**

16 A. The Company provided a CCOSS, including ratebase, depreciation, expenses, and taxes
17 (among other items), all allocated across General Water Service, Fire Service, Billing and
18 Metering.¹

19
20

¹ Hampstead Area Water Company, Inc., Assented-to Motion to Replace Filing to Correct Formatting and Exhibits
Misplacement Only, at 155 (March 11, 2021) (Schedule DF-3).

1 **Q. HOW WERE THE RESULTS OF THE COMPANY'S CCOSS USED?**

2 A. The Company used its CCOSS to design rates for General Water Service customers
3 (residential and commercial share the same rates) and Fire Service (public and private).²

4 **Q. ARE THE METHODOLOGIES OF THE CCOSS REASONABLE?**

5 A. After some discussion, data requests, technical conferences, and input and the resulting
6 proposed changes to the Company's CCOSS, the results are in general agreement with the
7 M1 Manual's recommendations.

8 **Rate Design**

9 **Q. IS THE COMPANY'S CCOSS A REASONABLE GUIDELINE FOR COST-**
10 **BASED RATES?**

11 A. Yes.

12 **Q. WHAT SERVICES DO GENERAL WATER SERVICE CUSTOMERS**
13 **RECEIVE?**

14 A. General Water Service customers (both residential and commercial) receive the capability
15 of and the actual delivery of water to their homes or businesses respectively at any time
16 day or night in a volume compatible with their meter. These customers also receive a
17 monthly bill and associated customer service along with maintenance of equipment
18 dedicated to their service, such as meters and valves.

19

² Hampstead Area Water Company, Inc., Assented-to Motion to Replace Filing to Correct Formatting and Exhibits Misplacement Only, at 155 (March 11, 2021) (Schedule DF-4).

1 **Q. WHAT SERVICES DO FIRE SERVICE CUSTOMERS RECEIVE?**

2 A. Fire service customers receive the availability of larger volumes of water delivered through
3 hydrants or through their fire suppression systems (sprinklers). Just as fire insurance
4 provides funds when needed (although the customer hopes never to have to make a claim),
5 fire service provides the availability of larger volumes of water for delivery whether used
6 or not. A utility's transmission and distribution system, including larger mains and water
7 storage facilities, are sized to meet fire service requirements while concurrently serving the
8 needs of General Water Service customers. The equipment that has been oversized
9 compared to the requirements for a General Water Service customer should be allocated
10 jointly to Fire Service and General Water Service customers. While each individual hydrant
11 has a potential flow determined by the underlying distribution system, the utility's water
12 supply, including transmission and storage, needs to be designed for the largest fire system
13 flow that may occur even if that flow is needed at only a few hydrants.

14 **Q. WHAT FIRE FLOW REQUIREMENTS ARE ASSUMED IN THE COMPANY'S**
15 **CCOSS?**

16 A. As proposed by the Company's cost of service witness Mr. David Fox, the CCOSS assumes
17 fire flows of 2,000 gallons per minute (GPM) for a period of three hours.

18 **Q. IS THE 2,000 GPM FIRE FLOW A REASONABLE ASSUMPTION FOR THE**
19 **COMPANY?**

20 A. Mr. Fox can speak to the basis of his fire flow assumption, but there is also additional
21 information available within the record that can shed light on the 2,000 GPM assumption.

1 The Company provided two reports from the Insurance Services Office, Inc. (ISO) in
2 response to a data request from intervenor, Ms. Karen Steele. The Company highlights in
3 its reply to Steele 3-7, e, “[n]ote that these flow figures do not reflect the new Atkinson
4 Tank, Westside Dr. Treatment Station, or any other system upgrades since 2019.” *See*
5 Exhibit HS-2.

6 The first report is dated December 23, 2019, and is addressed to Mr. David Cressman,
7 Administrator Atkinson, and includes a table labeled HYDRANT FLOW DATA
8 SUMMARY for the community of Atkinson. This table lists four hydrants with “Needed
9 Flow” of 2,000 GPM or greater. The table shows “Available Flow” of 1,600, 850, 300
10 and 1,100 GPM for those four hydrants. I have included this table as Exhibit HS-3.

11 The second report is dated March 30, 2020, and is addressed to Mr. Chad Bennet,
12 Chairman Hampstead, and includes a table labeled HYDRANT FLOW DATA
13 SUMMARY for the community of Atkinson. This table lists five hydrants with “Needed
14 Flow” of 2,000 GPM or greater. The table shows “Available Flow” of 1,200, 2,400,
15 1,200, 2,000, and 1,900 GPM for those five hydrants. I have included this table as Exhibit
16 HS-4.

17 As there are at least two hydrants with available flow at or above the 2,000 GPM level
18 the CCOSS allocation is reasonable. With the additional facilities installed there may be
19 other hydrants with available flows at or above 2,000 GPM.
20

1 **Q. HAS ANY OTHER PARTY FORMALLY SUGGESTED AN ALTERNATE OR**
2 **LOWER FIRE FLOW ASSUMPTION FOR THE CCOSS?**

3 A. Not to my knowledge.

4 **Intervenor Testimony**

5 **Q. HAVE YOU REVIEWED THE TESTIMONY AND DATA RESPONSES**
6 **PROVIDED BY MS. KAREN STEELE?**

7 A. Yes. Ms. Steele suggests that the use of the concepts embedded in the M1 Manual is
8 inappropriate for a utility that does not serve a town or municipality completely: “These
9 guidelines are written for a water company servicing a singular, entire town and all its
10 residents.”³

11 The M1 Manual itself refutes this suggestion:

12 Hydrant Charges. The most common method to recover costs is to assess
13 the total public fire protection cost to the municipality. Often, the cost is
14 divided by the number of public fire hydrants to determine a per hydrant
15 cost. This method is especially useful in situations where the utility *serves*
16 *more than one municipality*, because it provides a mechanism to divide
17 costs among the *various communities* [emphasis added]. It also provides
18 the utility with increased revenue to meet fire protection costs as the
19 number of hydrants increases with growth.⁴

20 **Q. HAVE YOU PREPARED OR REVIEWED CCOSS THAT DID NOT COVER A**
21 **COMPLETE JURISDICTION?**

22 A. In my tenure with the Atlantic City Electric Company (which served southern New Jersey)
23 our CCOSS spanned all or portions of counties and portions of townships and even
24 recognized the division of the City of Vineland into a service territory served by ACE and

³ Karen Steele, Direct Testimony, December 15, 2021 at 9.

⁴ AWWA Manual M1 page 225

1 the remainder served by the City of Vineland Electric Utility (CVEU). Rates were
2 developed, approved by the New Jersey Board of Public Utilities, and charged to
3 governmental customers, such as those counties, townships, and cities. Some of those
4 counties and townships purchased service from ACE and purchased service from adjacent
5 utilities, such as PSE&G, JCP&L, and CVEU. There are probably many other utilities
6 serving a portion of state, a portion of a county, or a portion of a city or township whose
7 governmental customers manage to deal successfully with the situation. The
8 methodologies used to prepare CCROSS are well suited to dealing with partial jurisdictions
9 and multiple jurisdictions.

10 **Public Fire Service Rate Impact**

11 **Q. ARE THERE ANY OFFSETS TO THE INCREASES PROPOSED FOR PUBLIC**
12 **FIRE PROTECTION?**

13 A. Yes. The same new equipment installed by the Company (rate base) will generate increased
14 tax revenue for Atkinson and Hampstead and to some extent offset the increased costs of
15 the increased fire protection afforded by the new equipment. This item was addressed by
16 the Company⁵ and Ms. Steele.⁶

17 **Q. PLEASE EXPLAIN THE VARIOUS LIMITING FACTORS THAT APPLY**
18 **UNIQUELY TO PUBLIC FIRE SERVICE RATES IN THIS CASE.**

19 A. The factors include:
20 • Public Fire Service customers, unlike the other customer subclasses, receive an
21 increase in revenues (property taxes) due to the additional facilities installed by the

⁵ Exhibit HS-5

⁶ Exhibit HS-6

1 Company. The increased tax revenues will offset a portion of the increase in hydrant
2 rates.

- 3 • Public Fire Service customers have previously not been charged a cost-based rate for
4 hydrants because the Company had not performed a CCOSS prior to this case. Thus,
5 the municipalities have benefitted for a number of years by paying a lower municipal
6 fire protection rate.
- 7 • The magnitude of the increase should be gauged against the net impact (increase in
8 hydrant costs less the increase in tax revenues from the Company). When this
9 “taxpayer” level measure is evaluated the net increase to the citizens of Atkinson is
10 low.

11 **Q. HOW DO YOU ESTIMATE THE INCREASE AT THE TAXPAYER LEVEL TO**
12 **BE LOW?**

13 A. I have formed my opinion as follows:

- 14 • Atkinson has 81 hydrants and the change in revenue will be the difference between
15 the present rate of \$200 and the proposed rate of \$1,419 less the \$2,000 Annual
16 Availability Fee for a total revenue change of \$96,739.
- 17 • The Company has estimated that Atkinson will receive an additional \$60,252 of tax
18 revenues based upon the improvements and investments it has made.
- 19 • The net impact to the Town of Atkinson would be \$36,487 (the difference of the total
20 revenue change less the increased tax revenue received).
- 21 • According to city-data.com in 2019 there were 2,885 homes in Atkinson. Assuming
22 3,000 properties to allow for some commercial uses, the per property average impact

1 would be \$12.16 per year or \$1.01 per month for the proposed increased costs of
2 public fire protection service.

3 **Enhancements to a Future Cost of Service Study**

4 **Q. CAN THE COMPANY’S CLASS COST OF SERVICE STUDY BE ENHANCED**
5 **TO PROVIDE BETTER COST INFORMATION FOR ALL PARTIES?**

6 A. Yes. The Company’s future CCOSS could be enhanced:

- 7 • Create a separate class for the Resale of Water to Plaistow.
8 • Treat (within the CCOSS) the Miscellaneous Charges as the tariffed rates they are.

9 **Q. WHEN SHOULD THE ENHANCEMENTS BE MADE BY THE COMPANY?**

10 A. Creating a CCOSS is not an insignificant cost, and for a medium-sized utility, I do not
11 recommend requiring a new CCOSS with every filed rate case. The agreement for serving
12 Plaistow does not allow rates to be updated and renegotiated before 2035, and therefore,
13 the Company should perform a new CCOSS, including the recommended enhancements
14 in time for those negotiations. This timing might suggest a new CCOSS be prepared for a
15 rate case filed in or after 2031.

16 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

17 A. Yes.

Experience of Howard Solganick, P. E.

Howard Solganick has been actively engaged in the utility industry for over 45 years. His experience spans consulting engagements, business development, and significant utility operating positions. As a Principal at Energy Tactics & Services, Inc., he is responsible for business development, engagement management, and execution. He has led and/or participated in consulting projects to develop, design, optimize and implement both traditional utility operations and e-commerce businesses such as energy retailing. Mr. Solganick has structured operating elements and business ventures; negotiated high value medium- and long-term contracts; and implemented business systems, operating functions, and profit centers. He has assisted new entrants to develop products and services for introduction to the utility and energy marketplace. He has also acted as an expert witness and arbitrator in a number of utility and regulatory areas and has extensive experience in regulatory relations.

Key Areas of Expertise

- Operating responsibility and expert testimony in utility planning and operations including rate design and cost of service, tariff administration, generation and power procurement, transmission, distribution and customer service operations, capacity and system planning, and regulatory issues
- Operational reviews and expert testimony for outage management, emergency restoration and planning, customer communications, material and support logistics, restoration effectiveness and associated costs
- Pre-audit counseling, management audit planning and implementation, and post audit tracking and regulatory relations
- Management consulting for utilities, energy trading and production companies, contact (call) center providers, financial institutions, manufacturers, software providers, and retailers
- Regulatory relations and management for high profile situations – transmission line siting and approvals, power plant siting and certificate of need processes, and potential mass outages
- Arbitration and mediation for high dollar value energy dispute resolution

Selected Professional Experience

Rates & Regulatory

As a consultant for a New England Public Utilities Commission, reviewed the emergency planning process of a major electric utility acted as a subject matter expert in the areas of communications (internal, external, call center, social media, governmental and regulatory affairs, major customers), logistics (lodging, materials and staging) and other areas.

As a consultant for an Eastern Public Utility Commission performed an operational audit of emergency restoration after both a major hurricane and a major winter storm that affected all (four) of the state's major investor owned utilities. Covered corporate, internal and external communications; materials management and support services; planning and training; customer service; system operations and dispatch; and other operational areas.

As a consultant for a Southwestern electric utility impacted by a major hurricane that affected over 90% of the utility's customers, provided a reasonableness opinion covering the utility's emergency response plan and restoration operations, which was derived from a full operational audit.

As a consultant for a New England Public Utilities Commission, performed regulatory audits of an electric utility and a focused audit of a new customer service and billing installation. Covered system operations, engineering, capital budgeting, construction management, demand side management programs, marketing and community relations.

As a consultant for a Midwestern Public Utilities Commission, performed regulatory audits related to a filed rate case for three investor owned gas utilities. Covered load and revenue forecasting, capital budgeting, and construction management.

As a consultant for a Caribbean utility, examined the utility's performance and costs and provided expert testimony for a regulatory appeal of the costs and rate recovery involved under a performance based multi-year ratemaking environment.

As an electric utility's special projects manager, created the utility's process for responding to the state's first legislatively mandated management audit. Developed a series of processes to coordinate, track, document, and respond to sensitive issues on an expedited basis. Coordinated the pre-audit process throughout the utility.

For an electric utility, developed and justified the conversion of emergency operations from a decentralized to a centralized model that funded a company-wide digital communications system entirely from operating savings and efficiency.

For a major municipal gas utility, assisted senior and operating management to prepare for a mandated management audit. Provided interview training and other support.

As an operating manager for an Eastern utility, obtained regulatory approvals for a 230 kV transmission line and three major substations during a period of high public concern over EMF.

As a utility's operational planner, coordinated and had significant impact on load forecasting, demand side management, customer generation and its application to utility operations, utility owned and independent generation, transmission and distribution planning, and customer service performance levels. Consulted and provided expert testimony on these interrelated areas.

As a consultant to the Commissioners and Staff of an Eastern Public Service Commission, provided analysis and support covering cost of service, revenue allocation, rate design, the impact of a revenue decoupling mechanism, and considerations needed when equalizing rate of return between classes and other issues for an electric utility rate case (four times). Also provided similar services for a gas utility rate case and follow-up support during a phase two investigation of certain rate design and tracking account issues.

As a consultant to the Staff of the Public Service Commission of an Western state, provided analysis; rate case testimony; and settlement negotiation support covering cost of service, revenue allocation, rate design, the impact of a revenue decoupling mechanism, and considerations needed when equalizing rate of return between classes and other issues for three electric utilities.

As a consultant to the Staff of the Public Service Commission of an Eastern state, provided analysis; rate case testimony; and settlement negotiation support covering cost of service, revenue allocation, rate design, the impact of a revenue decoupling mechanism, and considerations needed when equalizing rate of return between classes and other issues for a gas utility.

As a consultant to the People's Counsel of an Eastern state, provided analysis; rate case testimony; and settlement negotiation support covering cost of service, miscellaneous revenue, the impact on risk of revenue normalization, and considerations needed when equalizing rate of return between classes and other issues for a gas utility.

As a consultant to the Office of Consumer Advocate of an Eastern state, provided analysis; rate case testimony; and settlement negotiation support covering cost of service, demand analysis, and considerations needed when equalizing rate of return between classes and other issues for a water utility.

As a consultant to the Public Advocate of a New England state, analyzed the economic impact and operational aspects of a cast iron gas main replacement program including the development of an economic model and participation in a technical conference proceeding.

As a consultant to a Midwestern City, provided analysis and rate case testimony covering cost of service for district heating service.

As a consultant to the Attorney General of a Midwestern state, provided analysis and testimony addressing the proposed sale of a utility-owned cogeneration facility and the long-term implications of the sale on customers.

As a consultant to the Attorney General of a Midwestern state, provided analysis and rate case testimony covering cost of service modeling as well as considerations needed when equalizing rate of return between classes and other issues.

As a consultant to the Attorney General of a Midwestern state, provided support in a Commission ordered collaborative addressing cost of service modeling and filing requirements.

As regulatory manager for a New Jersey utility, was responsible for regulatory liaison and rate design for all customer classes including cost of service and tariff design. Provided expert testimony on rate design, load research, economic impacts, and all PURPA issues.

As a utility's project manager, led the filing of New Jersey's first Notice of Intent for a Certificate of Need for a combined cycle power plant. Working with the regulatory commission, the utility developed its filing as the Commission was simultaneously developing its procedures and processes.

Arbitration

As the sole arbitrator, presided over an issue of energy price escalation with a value of over \$1M annually. The arbitration included case management, discovery, depositions, extensive document exchange, six witnesses and a full briefing process. As defined in the parties' initial power purchase agreement, the arbitrator had to render a fully-detailed decision in order for the parties to continue their business relationship for the eight years remaining under the agreement.

As chairman of a panel of three arbitrators, was instrumental in the parties resolving a landlord tenant dispute over electrical sub-metering. The amount in question exceeded \$750,000.

Operations and Customer Service

As a consultant for a Northwestern electric utility, performed an operational audit of the emergency restoration after a large windstorm that affected 70% of the utility's customers. Covered corporate, internal and external communications; materials management and support services; planning and training; customer service; service contract management; system operations and dispatch; and other operational areas.

As a consultant for a Midwestern electric utility, performed an operational audit of the emergency restoration after three large storms affected most of the utility's customers. Covered corporate, internal and external communications; materials management and support services; planning and training; customer service; service contract management; system operations and dispatch; and other operational areas.

As a lead consultant for an Eastern electric utility, supported a two-year effort to maintain and grow large, key commercial and industrial accounts. Allied responsibilities included the development of business models, negotiating positions, operations and support services for field forces, and regulatory support. This project resulted in the long-term retention of a significant majority of the client's top 20 customers for periods of from five to twelve years.

For a million+ customer North American public power company, managed (and acted as a subject matter expert) a call center performance review leading to a major consolidation of 28 sites into four physical call centers. A follow-on engagement developed the implementation plan covering emergency response issues, human resources, customer care, new infrastructure, and network integration.

On special assignment, structured and performed distribution operations analyses including an evaluation of emergency operating and response capabilities.

As an emergency assignment, acted as special liaison between system operations and customer communications to avert significant customer disruptions due to a potential system failure.

Business Planning and Implementation

For two utility clients, acted as project manager and subject matter expert on a joint client-consultant team comprised of 40 people. The engagement included customer management systems, contact (call) centers, new products and services, technology planning, and financial modeling of the venture. This project resulted in the creation of a new business entity for the energy industry, which included retail energy supply.

For an energy conservation company, assisted the internal staff in defining their business model, implementing their Internet-based marketing and service delivery platform, defining the relationship with key allies,

negotiating performance contracts, and performing design reviews as needed. Key issues included a timely implementation plan.

Vendor Services

For the export development agency of a European government, developed and presented a symposium on the North American utility industry and the means and methods to approach and succeed in the marketplace.

For a Pacific rim utility, developed and presented a symposium on the valuation and acquisition of North American generation assets and the means and methods to approach and succeed in the marketplace.

For a high-technology transmission and distribution equipment supplier, supported an effort to accelerate market acceptance of the product. Analyzed the technology, application and marketing approach. Results included an in-depth analysis of a key stumbling block inhibiting early entry into a key candidate utility.

For a major financial institution, acted as project manager and subject matter expert to refine and implement a new inclusive consumer billing medium for energy retailers. The engagement included the definition of the value chain, regulatory impacts, and the development of a marketing strategy as well as a marketing implementation plan.

For a major call center provider, acted as the liaison with energy retailers seeking to outsource their call and contact center function. Also established business models, performance standards, fulfillment arrangements, pricing, emergency operating response, and contractual arrangements.

Energy Supply

For four years, performed a process review and developed and executed a procurement process for electric supply in a deregulated environment for a residential real estate holding company.

For a commercial real estate management company, performed an evaluation of a distributed generation proposal including a site survey, cost benefit analysis, and detailed operational and contract review.

For an independent power producer, developed new projects and acquisitions, negotiated power purchase agreements, energy services agreements, fuel supply issues, site leases, and analyzed project financial positions. Successfully negotiated one of the first competitively bid power sales agreements with a public power entity and obtained the first IRS private letter ruling for a tax-exempt independent power financing.

As operating manager for a New Jersey utility, negotiated over 800 MW of power purchase agreements with an aggregate value of over \$9 billion, including developing significant dispatchability provisions. Obtained required regulatory approvals in record time.

As an operating manager for a utility, managed PJM Interconnection power purchase (interchange) pricing, performance testing of power plants, and contract management of the company's unregulated cogeneration contract with the DuPont Company.

Working in conjunction with a major energy producer and refiner, acted as project manager for a cogeneration facility study for a major refinery, which led to the construction of a 60 MW facility.

For a public power utility consortium, examined forward looking marketing and financial plans, confirmed direction with the Board of Directors, assisted senior management to revise its strategic and operational plans, and presented a recommendation for the future actions of the enterprise for consideration by the Board of Directors. Specific results included the revitalization of the existing management team, the Board of Directors' adoption of that team's strategic plan with a commitment to move forward, and the immediate authorization of bonuses for the management team for its efforts.

Testimony filed by Mr. Solganick

Before the Arizona Corporation Commission

- Arizona Public Service – Docket No. E-01345A-11-0224
- Tucson Electric - Docket No. E-01933A-19-0028
- Tucson Electric - Docket No. E-01933A-12-0291
- UNS - Docket No. E-04204A-12-0504

Before the Delaware Public Service Commission

- Delmarva Power & Light Company - Docket No. 10-237
- Delmarva Power & Light Company - Docket No. 09-227T
- Delmarva Power & Light Company - Docket No. 09-414
- Delmarva Power & Light Company - Docket No. 06-284

Before the Georgia Public Service Commission

- Atlanta Gas Light Company - Docket No. 31647
- Atmos Energy Corporation - Docket No. 27163

For a Jamaican Electricity Appeals Tribunal

- In the matter of an Appeal by the Jamaica Public Service Company Limited from a Determination by the Office of Utilities regulation from the Z-factor Adjustment (Multiple year ratemaking process) from Hurricane Ivan Recovery Costs Determination

Before the Maine Public Utilities Commission

- Northern Utilities, accelerated cast iron replacement program - Docket No. 2005-813

Before the Maryland Public Service Commission

- Chesapeake Utilities Corporation - Case No. 9062
- Baltimore Gas & Electric's capacity procurement plans, 1993

Before the Michigan Public Service Commission

- Consumers Energy Company – Case No. U-15320
- Consumers Energy Company - Case No. U-15245
- Consumers Energy Company - Case No. U-15190
- Consumers Energy Company - Case No. U-15001
- Consumers Energy Company - Case No. U-14981
- Consumers Energy Company - Case No. U-14347

Before the Missouri Public Service Commission

- Veolia Energy Company - Case No. HR-2011-0241
- AmerenUE Storm Adequacy Review (July 2008, no docket listed)

Before the Nebraska Public Service Commission

- Black Hills Nebraska Gas, LLC – Docket No. NG-109

Before the Commissioners of the New Jersey Board of Public Utilities (NJBPU)

- NJBPU Atlantic Electric Rate Case - Phase II, Docket # 7911-951

Before the New Jersey Division of Administrative Law (at the request of the NJBPU)

- Cogeneration and Alternate Energy - Docket # 8010-687
- PURPA Rate Design and Lifeline - Docket # 8010-687
- Atlantic Electric Rate Case - Phases I & II, Docket # 822-116
- Power Supply Contract Litigation - Wilmington Thermal Systems, Docket # 2755-89

Before the Public Utilities Commission of Ohio

- Columbus Southern Power Company - Case No. 08-917-EL-SSO
- Cleveland Electric Illuminating Company and Toledo Edison Company - Case No. 07-551-EL-AIR

Before the Pennsylvania Public Utility Commission

- American Water Company - Docket No. R-2010-2166210
- American Water Company - Docket No. 2008-232689
- York Water Company - Docket No. R-00061322

Before the Public Utility Commission of Texas

- Application of CenterPoint Energy Houston Electric LLC for Determination of Hurricane Restoration Costs - Docket No. 36918

Professional Credentials and Activities

Professional Engineer (inactive in Pennsylvania and New Jersey)

Past member of New Jersey Board of Regulatory Commissioners Advisory Council on Electricity Planning and Procurement

Past President of the Mid Atlantic Independent Power Producers, a trade organization

Past member of the Electric Power Research Institute's Planning Methods Committee

Commercial Arbitrator - American Arbitration Association

Professional Planner (Land Use) in New Jersey (inactive)

Past Chair Middletown Township (PA) Planning Commission

Chairman (past), Egg Harbor Township (NJ) and member (past), Raritan Township (NJ) Zoning Board of Adjustment

Author, Energy Pulse Article - Why Won't You Listen to the Actresses?

Education

Drexel University (evening program), MS in Engineering Management, minor in Law

Carnegie Mellon University, BS in Mechanical Engineering, minor in Economics

Planning, Zoning and Land Use Courses - Rutgers University, PA Governor's Center for Local Government Services and Lorman Education Services

Arbitration and Mediation Training Courses - American Arbitration Association

Essentials of Emergency Preparedness - PA AWWA

The Hampstead Area Water Company, Inc.

DW 20-117

Date Request Received: 06/16/21

Date of Response: 07/01/21

Request No. Steele 3-7

Witness: Charlie Lanza

Bates 152 – DF 1

Maintenance of Hydrants shows \$6,569 for test year of 2019 as well as “Proposed Rate Year” with no recommended “Adjustments to Test Year.”.

- a) What is the yearly maintenance procedure per hydrant in Atkinson and Hampstead?
- b) How many man-hours per hydrant for annual maintenance?
- c) Typically, what is the cost of replacement parts during the annual maintenance?
- d) For the 123 hydrants in 2019, what was the overall cost of replacement parts for annual maintenance?
- e) How many man-hours per hydrant for the 5 year flow test?
- f) Typically, what is the cost of replacement parts during the 5 year flow test?
- g) For the 123 hydrants in 2019, what was the overall cost of replacement parts for the 5 year flow testing?
- h) Please provide the records of all hydrant maintenance in 2019.
- i) Please provide the flow rates for all Hampstead and Atkinson hydrants?
- j) What other maintenance was performed on hydrants in 2019?

RESPONSE STEELE 3-7:

- a) Yearly maintenance consists of periodic flushing, winterizing the hydrants which consists of pumping them down each fall and exercising the valve, trimming around the hydrants, and periodically painting them.
- b) It’s estimated that each hydrant takes 1-2 hours per year of routine maintenance.
- c) Typically hydrants are only repaired when something breaks due to an auto accident or during operation. Costs can range from a few hundred dollars for a simple repair to \$5,000+ for a full replacement.
- d) The company spent \$6,569 for maintenance of hydrants in 2019.
- e) The Company does not perform a “5 year flow test”. See attached for ISO reports for both Atkinson and Hampstead which is the most recent flow data. Note that these flow figures do not reflect the new Atkinson Tank, Westside Dr. Treatment Station, or any other system upgrades since 2019. Also, note that we do not flow all hydrants to obtain current flow rates on a yearly basis. Typically we flow a handful of hydrants per year at the request of the Fire Departments, developers, or for our own information.
- f) See response to e.
- g) See response to e .

- h) In 2019 all hydrants that needed paint were painted, trimmed, winterized, and repaired if needed. Costs related to 2019 maintenance are attached,
- i) See attached for ISO reports for both Atkinson and Hampstead which is the most recent formal flow data. Note that these flow figures do not reflect the new Atkinson Tank, Westside Dr. Treatment Station, or any other system upgrades since 2019. Also, note that we do not flow all hydrants to obtain current flow rates on a yearly basis. Typically we flow a handful of hydrants per year at the request of the Fire Departments, developers, or for our own information.
- j) All hydrants were painted, and grass was trimmed in 2019.



1000 Bishops Gate Blvd. Ste 300
Mt. Laurel, NJ 08054-5404

t1.800.444.4554 Opt.2
f1.800.777.3929

December 23, 2019

Mr. David Cressman, Administrator
Atkinson
21 Academy Ave
Atkinson, New Hampshire, 03811

RE: Atkinson, Rockingham County, New Hampshire
Public Protection Classification: 06/6Y
Effective Date: April 01, 2020

Dear Mr. David Cressman,

We wish to thank you and Mr. Michael Murphy for your cooperation during our recent Public Protection Classification (PPC) survey. ISO has completed its analysis of the structural fire suppression delivery system provided in your community. The resulting classification is indicated above.

If you would like to know more about your community's PPC classification, or if you would like to learn about the potential effect of proposed changes to your fire suppression delivery system, please call us at the phone number listed below.

ISO's Public Protection Classification Program (PPC) plays an important role in the underwriting process at insurance companies. In fact, most U.S. insurers – including the largest ones – use PPC information as part of their decision-making when deciding what business to write, coverage's to offer or prices to charge for personal or commercial property insurance.

Each insurance company independently determines the premiums it charges its policyholders. The way an insurer uses ISO's information on public fire protection may depend on several things – the company's fire-loss experience, ratemaking methodology, underwriting guidelines, and its marketing strategy.

Through ongoing research and loss experience analysis, we identified additional differentiation in fire loss experience within our PPC program, which resulted in the revised classifications. We based the differing fire loss experience on the fire suppression capabilities of each community. The new classifications will improve the predictive value for insurers while benefiting both commercial and residential property owners. We've published the new classifications as "X" and "Y" – formerly the "9" and "8B" portion of the split classification, respectively. For example:

- A community currently graded as a split 6/9 classification will now be a split 6/6X classification; with the "6X" denoting what was formerly classified as "9."
- Similarly, a community currently graded as a split 6/8B classification will now be a split 6/6Y classification, the "6Y" denoting what was formerly classified as "8B."

- Communities graded with single "9" or "8B" classifications will remain intact.
- Properties over 5 road miles from a recognized fire station would receive a class 10.

PPC is important to communities and fire departments as well. Communities whose PPC improves may get lower insurance prices. PPC also provides fire departments with a valuable benchmark, and is used by many departments as a valuable tool when planning, budgeting and justifying fire protection improvements.

ISO appreciates the high level of cooperation extended by local officials during the entire PPC survey process. The community protection baseline information gathered by ISO is an essential foundation upon which determination of the relative level of fire protection is made using the Fire Suppression Rating Schedule.

The classification is a direct result of the information gathered, and is dependent on the resource levels devoted to fire protection in existence at the time of survey. Material changes in those resources that occur after the survey is completed may affect the classification. Although ISO maintains a pro-active process to keep baseline information as current as possible, in the event of changes please call us at 1-800-444-4554, option 2 to expedite the update activity.

ISO is the leading supplier of data and analytics for the property/casualty insurance industry. Most insurers use PPC classifications for underwriting and calculating premiums for residential, commercial and industrial properties. The PPC program is not intended to analyze all aspects of a comprehensive structural fire suppression delivery system program. It is not for purposes of determining compliance with any state or local law, nor is it for making loss prevention or life safety recommendations.

If you have any questions about your classification, please let us know.

Sincerely,

Alex Shubert

Alex Shubert
Manager -National Processing Center

cc: Mr. Charlie Lanza, General Manager, Hampstead Area Water Company
Mr. Michael Murphy, Chief, Atkinson Fire Department
Mr. Douglas Mullin, Police Chief, Plaistow Police Department



1000 Bishops Gate Blvd. Ste 300
Mt. Laurel, NJ 08054-5404

t1.800.444.4554 Opt.2
f1.800.777.3929

March 30, 2020

Mr. Chad Bennett, Chairman
Hampstead
11 Main St
Hampstead, New Hampshire, 03841

RE: Hampstead, Rockingham County, New Hampshire
Public Protection Classification: 05/5Y
Effective Date: July 01, 2020

Dear Mr. Chad Bennett,

We wish to thank you and Mr. Michael Carrier for your cooperation during our recent Public Protection Classification (PPC) survey. ISO has completed its analysis of the structural fire suppression delivery system provided in your community. The resulting classification is indicated above.

If you would like to know more about your community's PPC classification, or if you would like to learn about the potential effect of proposed changes to your fire suppression delivery system, please call us at the phone number listed below.

ISO's Public Protection Classification Program (PPC) plays an important role in the underwriting process at insurance companies. In fact, most U.S. insurers – including the largest ones – use PPC information as part of their decision-making when deciding what business to write, coverage's to offer or prices to charge for personal or commercial property insurance.

Each insurance company independently determines the premiums it charges its policyholders. The way an insurer uses ISO's information on public fire protection may depend on several things – the company's fire-loss experience, ratemaking methodology, underwriting guidelines, and its marketing strategy.

Through ongoing research and loss experience analysis, we identified additional differentiation in fire loss experience within our PPC program, which resulted in the revised classifications. We based the differing fire loss experience on the fire suppression capabilities of each community. The new classifications will improve the predictive value for insurers while benefiting both commercial and residential property owners. We've published the new classifications as "X" and "Y" – formerly the "9" and "8B" portion of the split classification, respectively. For example:

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- Similarly, a community currently graded as a split 6/8B classification will now be a split 6/6Y classification, the "6Y" denoting what was formerly classified as "8B."

- Communities graded with single "9" or "8B" classifications will remain intact.
- Properties over 5 road miles from a recognized fire station would receive a class 10.

PPC is important to communities and fire departments as well. Communities whose PPC improves may get lower insurance prices. PPC also provides fire departments with a valuable benchmark, and is used by many departments as a valuable tool when planning, budgeting and justifying fire protection improvements.

ISO appreciates the high level of cooperation extended by local officials during the entire PPC survey process. The community protection baseline information gathered by ISO is an essential foundation upon which determination of the relative level of fire protection is made using the Fire Suppression Rating Schedule.

The classification is a direct result of the information gathered, and is dependent on the resource levels devoted to fire protection in existence at the time of survey. Material changes in those resources that occur after the survey is completed may affect the classification. Although ISO maintains a pro-active process to keep baseline information as current as possible, in the event of changes please call us at 1-800-444-4554, option 2 to expedite the update activity.

ISO is the leading supplier of data and analytics for the property/casualty insurance industry. Most insurers use PPC classifications for underwriting and calculating premiums for residential, commercial and industrial properties. The PPC program is not intended to analyze all aspects of a comprehensive structural fire suppression delivery system program. It is not for purposes of determining compliance with any state or local law, nor is it for making loss prevention or life safety recommendations.

If you have any questions about your classification, please let us know.

Sincerely,

Alex Shubert

Alex Shubert
Manager -National Processing Center

cc: Mr. Charlie Lanza, General Manager, Hampstead Area Water Company
Mr. Christopher Schofield, Communications Supervisor, Londonderry Fire Department
Mr. Michael Carrier, Chief, Hampstead Fire Department

INSURANCE SERVICES OFFICE, INC.
HYDRANT FLOW DATA SUMMARY

Community Hampstead

County New Hampshire(Rockingham)

NEW
HAMPSHIR
E (28)

Witnessed by: Insurance Services Office

Survey Date: Oct 27, 2016

TEST NO.	TYPE DIST.*	TEST LOCATION	SERVICE	FLOW - GPM $Q=(29.83(C(d^2)p^{0.5}))$				PRESSURE PSI		FLOW -AT 20 PSI		REMARKS***	MODEL TYPE	FLOW TEST DATE
				INDIVIDUAL HYDRANTS			TOTAL	STATIC	RESID.	NEEDED **	AVAIL.			
1.0		Rte 111 hyd at Sandown Rd	Hampstead Area Water Company, Main	750	0	0	750	75	52	5000	1200	(A)-(4500.0 gpm)(D)-(2583 gpm)	FTWI	10/01/2019
1.1		Rte 111 hyd at Sandown Rd	Hampstead Area Water Company, Main	750	0	0	750	75	52	4500	1200	(A)-(3000.0 gpm)(D)-(2583 gpm)	FTWI	10/01/2019
1.2		Rte 111 hyd at Sandown Rd	Hampstead Area Water Company, Main	750	0	0	750	75	52	3500	1200	(A)-(3000.0 gpm)(C)-(3062 gpm)	FTWI	10/01/2019
2.0		Main St hyd at Gigante Dr	Hampstead Area Water Company, Main	1190	0	0	1190	82	65	4500	2400	(A)-(1500.0 gpm)(D)-(2583 gpm)	FTWI	10/01/2019
2.1		Main St hyd at Gigante Dr	Hampstead Area Water Company, Main	1190	0	0	1190	82	65	3500	2400	(A)-(3000.0 gpm)(C)-(3062 gpm)	FTWI	10/01/2019
3.0		Main St 1st hyd north of Emerson Ave	Hampstead Area Water Company, Main	890	0	0	890	42	30	3500	1200	(A)-(1500.0 gpm)(C)-(3062 gpm)	FTWI	10/01/2019
4.0		Village Green Rd 1st hyd north of Rte 111	Hampstead Area Water Company, Main	750	0	0	750	82	72	2500	2000		FTWI	10/01/2019
5.0		Main St hyd at Kent Farm Rd	Hampstead Area Water Company, Main	1090	0	0	1090	84	62	2250	1900		FTWI	10/01/2019
5.1		Main St hyd at Kent Farm Rd	Hampstead Area Water Company, Main	1090	0	0	1090	84	62	750	1900		FTWI	10/01/2019

THE ABOVE LISTED NEEDED FIRE FLOWS ARE FOR PROPERTY INSURANCE PREMIUM CALCULATIONS ONLY AND ARE NOT INTENDED TO PREDICT THE MAXIMUM AMOUNT OF WATER REQUIRED FOR A LARGE SCALE FIRE CONDITION.

THE AVAILABLE FLOWS ONLY INDICATE THE CONDITIONS THAT EXISTED AT THE TIME AND AT THE LOCATION WHERE TESTS WERE WITNESSED.

*Comm = Commercial; Res = Residential.

**Needed is the rate of flow for a specific duration for a full credit condition. Needed Fire Flows greater than 3,500 gpm are not considered in determining the classification of the city when using the Fire Suppression Rating Schedule.

*** (A)-Limited by available hydrants to gpm shown. Available facilities limit flow to gpm shown plus consumption for the needed duration of (B)-2 hours, (C)-3 hours or (D)-4 hours.

The Hampstead Area Water Company, Inc.

DW 20-117

Date Request Received: 03/18/21

Date of Response: 03/24/21

Supplemental Response: 04/01/2021

Request No. Staff TS 1-7

Witness: John Sullivan

Staff TS 1-7

Referencing the Proposed Permanent Rates Tariff pages for Municipal Fire Protection Service, Bates 107 and 108, and Schedule 5 of the Attachments of Mr. David Fox, Bates 157

If the Company's proposed permanent rates were allowed to go into effect, according to the Company, the impact to the two Municipal Fire Protection customers would be an increase of approximately 600% to the per-hydrant charge and a decrease of 100% to the annual availability charge, resulting in a net increase of approximately 500%+. Given that this represents a significant increase, please present detailed proposals of how the Company can mitigate the possible rate shock to those customers. Please supply supporting calculations.

RESPONSE TS 1-7:

Still looking into different scenarios. The company will respond by 4/1/21 as agreed to between counsel.

SUPPLEMENTAL RESPONSE TS 1-7:

Please see the attached file "TS 1-7 – Fire Hydrant Tax Effect". There are 2 worksheets in the file – one for Atkinson and one for Hampstead.

In summary - the Atkinson sheet shows the total tax revenue (budget) for the 2019 year for Atkinson (\$17,403,211). This amount is from the NH DRA website (see attached file "TS 1-7 – 2019 Town Taxes"). The total proposed increase in fire service fees for Atkinson is \$90,644 (based on 2019 hydrants in service). The spreadsheet also shows that HAWC's real estate taxes to Atkinson will increase by approximately \$60,252 due to work being placed in service related to the Southern NH Water Project (tank, pump station, etc).

This is a net effect to the Town of \$30,392 (\$90,644 less \$60,252). This net increase of \$30,392 is only 0.175% of the Town's 2019 budget. It would increase the Town's 2019 tax rate by \$0.03 from \$17.67 to \$17.70.

The worksheet on Hampstead similarly shows that the net cost to Hampstead is \$35,862 which is only 0.13% of the town's 2019 budget of \$27,599,122. The proposed increase would raise the town's 2019 tax rate by \$0.03 from \$20.99 to \$21.02.

The increases proposed by the Company are relatively minor (0.175% and 0.13% of the towns' budgets) and do not place an overwhelming burden to the taxpayers of either town.

**KAREN STEELE RESPONSES TO DEPARTMENT'S DATA REQUESTS –
TESTIMONY OF KAREN STEELE**

**Hampstead Area Water Company
DW 20-117**

**Date Request Received: 1/5/2022
Request No. DOE 1-1**

**Date of Response: 1/21/2022
Witness: Karen Steele**

REQUEST:

Re: Page 2, Line 14-15

Please explain the source for the additional cost of \$100,000 per year to the Town of Atkinson. Is this different than the amount based upon the calculations presented by the Company in its response to DOE TS 1-7?

RESPONSE:

In the 2019 Test year, Atkinson had 76 Fire Hydrants. Atkinson paid an annual fee of \$2,000 plus \$200/hydrant.

Fire Chief has indicated that there are 81 active hydrants plus 3 more on East Road as it connects to Plaistow.

$84 \text{ hydrants} \times \$1,219 (\$1,419 - \$200) = \$102,396$. Subtract \$2,000 annual fee = \$100,396.

Monthly Water Bills have 3 components:

- Monthly Base Rate
- Fire Protection Monthly Fee
- Volume Usage Fee

I received copies of 5 HAWC water bills to the Town of Atkinson due May 30, 2021. These are summarized in attachment = Town Increases. I believe we have more than 5 town usage sites and so there may be more bills of which I did not receive a copy.

Since this was April usage, it's conservative to multiply it by 12 for annual estimates.

Total Bill = \$400.90

Bill with Permanent Rate Increase = \$521.85.

Delta = $\$120.95 \times 12 \text{ months} = \$1,451.40$

$\$100,396 + \$1,451.40 = \$101,847.40$

A second method of estimating Monthly Bill Increase is using the overall 30.17% increase.

Per 2019 Town Annual Report, we paid HAWC \$22,978.27.

Less the \$17,200 (76 X \$200 + \$2,000) for hydrants = \$5,786.27.

$\$5,786.27 \times 0.3017 = \$1,715.72$

HAWC's response to DOE TS 1-7

HAWC only estimates increase due to hydrants to be \$90,644

HAWC estimates an increased tax payment to the town of \$60,252.

Assets to be built by HAWC in Atkinson:		
Tank		1,597,603
West Side Dr		1,314,140
Chloramine Upgrades		968,000
Total New Plant		3,879,743
2019 Utility Tax Rate		15.53
New Taxes Paid by HAWC to Atkinson		60,252

From looking at actual HAWC taxes paid, that number has materialized – only 50% (~\$30,000) of their estimate.

<u>Year</u>	<u>Taxes Paid by HAWC</u>
2017	\$30,414
2018	\$32,853
2019	\$30,942
2020	\$60,099
2021	\$62,753

<https://nhtaxkiosk.com/?KIOSKID=ATKINSON>

HAWC underestimated cost to town and overestimated their increased taxes to the town. They show an increase to the town of \$90K - \$60K in taxes = \$30K. My estimates show over \$100K - \$30K in taxes = \$70K.