

STATE OF NEW HAMPSHIRE

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PUBLIC UTILITIES COMMISSION

21 S. Fruit St., Suite 10
Concord, N.H. 03301-2429

October 29, 2018

RE: DW 18-123, West Swanzey Water Company
Request for Increase in Rates as a Result of Tax Changes
Denial of Increase in Rates and Grant of Exemption

To the Parties:

On January 3, 2018, in Docket No. IR 18-001, the Commission ordered West Swanzey Water Company (West Swanzey or the Company), and all other regulated utilities, to file a proposal with the Commission, and take specific accounting actions addressing the effects of federal and state tax law changes that occurred at the end of 2017. *Investigation to Determine Rate Effects of Federal and State Corporate Tax Reductions*, Order No. 26,096 (January 3, 2018). On August 3, 2018, West Swanzey Water submitted its petition, indicating that it is a "Subchapter C" corporation, subject to federal income and state business taxes. West Swanzey further stated that the tax law change reflected a \$1,550 increase, as the federal tax component increased from 15 percent to 21 percent. The Company suggested having a discussion with the Public Utilities Commission regarding the inclusion of the tax increase into rates.

On September 28, 2018, Commission Staff recommended that the Commission deny West Swanzey's request for an increase in rates. Staff opined that the revenue impact related to the change in taxes, which equates to a 1.6 percent increase in the Company's recently approved revenue requirement, is de minimus and not material. Staff stated the difference would be more appropriately addressed in a normal rate case. Staff also concluded that West Swanzey had satisfied the requirements of Commission Order No. 26,096, and should be exempted from any further requirements of Order No. 26,096 and participation in Docket No. IR 18-001. The Company did not file a response to Staff's recommendation.

The Commission reviewed West Swanzey petition and Staff's recommendation, and determined the denial of an increase in rates as a result of the tax increase is appropriate. The Commission found the effect of the tax change on the Company's revenue requirement to be minimal, and that the current rates therefore remain just and reasonable. *See Appeal of New England Telephone and Telegraph Co.*, 104 N.H. 229 (1962) (discussing the Commission's process of determining just and reasonable rates). The Commission notes that the Company may file for an increase in rates as a result of this tax increase in its future rate case. The Commission also determined that West Swanzey's exemption from the requirements of Order No. 26,096 and further participation in Docket No. IR 18-001, is appropriate. The Commission therefore denies the company's petition for an increase in rates and exempts the Company from any further requirements of Order No. 26,096 and participation in Docket No. IR 18-001.

Sincerely,

A handwritten signature in cursive script that reads "Debra A. Howland".

Debra A. Howland
Executive Director

cc: Service List (Electronically)