

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 19-177

Lakes Region Water Company, Inc. - Dockham Shores

Request for Change in Rates

**Order Authorizing Temporary Rate Recoupment
and Recovery of Rate Case Expenses**

ORDER NO. 26,591

March 9, 2022

This order authorizes Lakes Region Water Company, Inc. – Dockham Shores Estates to recoup the difference between its temporary and permanent rates and recover approved rate case expenses incurred in this proceeding.

I. PROCEDURAL HISTORY

Lakes Region Water Company, Inc. – Dockham Shores Estates (Lakes Region, or the Company) filed a petition for a change in rates on December 23, 2019. On January 30, 2020, the Commission issued Order No. 26,329 suspending the proposed tariff changes for the duration of this proceeding. On January 28, 2021, the Commission issued Order No. 26,446 authorizing Lakes Region Water Company, Inc. (Lakes Region, or the Company) to set temporary rates for Dockham Shores customers at the current Consolidated General Service-Metered Customer rates, effective February 10, 2020. The Commission also authorized reconciliation of the approved rates with the temporary rates.

On December 4, 2020, then-staff of the Commission (now staff of the Department of Energy (Energy)) filed a settlement agreement concluded with Lakes Region to resolve issues in this proceeding (Settlement Agreement).

On March 1, 2021, the Company filed schedules in support of a proposed quarterly surcharge of \$76.36 to be applied to customer bills over eight quarters for a total of \$37,263.83 to recoup a difference of \$5,705.21 between temporary and permanent rates and to recover rate case expenses totaling \$31,558.62. On April 15, 2021, and June 9, 2021, the Company submitted further adjustments in response to discovery propounded by Energy, with a final rate case expense total of \$31,978.62.

On August 10, 2021, Energy filed a recommendation that the Commission approve Lakes Region's: (1) rate case expenses totaling \$31,978.62, (2) recoupment of revenue for the difference in temporary-to-permanent rates during the pendency of the rate case in the amount of \$9,334.92, and (3) recovery of those amounts, totaling \$41,313.54, through a surcharge of \$48.38 per customer over 14 quarterly billing periods. Energy's recommendation incorporated adjustments made by Lakes Region in response to discovery requests.

The Office of the Consumer Advocate did not participate in this proceeding.

The Company's initial filings and all subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at www.puc.nh.gov/Regulatory/Docketbk/2019/19-177.html.

II. POSITIONS

A. Settlement Agreement

In the Settlement Agreement filed in this docket on December 4, 2020, Energy and the Company agreed to jointly recommend Commission approval of Lakes Region's reconciliation of the difference between temporary and permanent rates through a surcharge to Dockham Shores customers. The Settlement Agreement further

recommended Commission approval of the Company's recovery of reasonable rate case expenses through the proposed surcharge.

Pursuant to the terms of the Settlement Agreement, the Company's rate case expenses may include, but are not limited to, legal and consultant expenses, incremental administrative expenses such as copying and delivery charges, and other such rate case-related expenditures allowed under N.H. Admin. R., Puc 1906.01. The Settlement Agreement states that the proposed surcharge, if approved, should be reflected as a separate item on all Dockham Shores customer bills.

Finally, the Settlement Agreement further recommended that this docket be closed upon Commission issuance of orders approving temporary-permanent revenue recoupment and rate case expense recovery.

B. LAKES REGION-DOCKHAM SHORES

Lakes Region initially requested approval of the recovery of \$31,558.62 in rate case expenses plus \$5,705.21 for the recoupment of the incremental difference between temporary and permanent rates from February 10, 2020 through January 28, 2021, when Order No. 26,446 approving permanent rates was issued. On March 1, 2021, the Company submitted schedules that included a proposed quarterly surcharge of \$76.36 to recover a combined total of \$37,263.83 over eight quarters. In responses to discovery requests on April 15, 2021, and June 9, 2021, the Company submitted a revised total of \$31,891.12 in rate case expenses. In its June 9 filing, the company requested an additional \$402.50 in new rate case expenses, bringing the total request to \$32,293.62.

Lakes Region calculated the net revenue shortfall in temporary rates to be \$9,439.69 for service rendered from February 10, 2020, through January 28, 2021, based on an increase in fixed charges over that period totaling \$22,898.73 and a

decrease in usage over the same period at volumetric rates of (\$13,459.04), representing a credit. The Company proposed recoupment of the calculated total through a surcharge applied quarterly to customer bills over eight quarters.

C. DEPARTMENT OF ENERGY

On August 10, 2021, Energy filed a letter regarding its review of and recommended adjustments regarding the Company's request for recovery of rate case expenses and recoupment of temporary-to-permanent rate revenue. Energy noted that the correct temporary rate for the final quarter should be \$1.232 per hundred gallons, not \$0.0123 per gallon, as used by the Company. Additionally, Energy noted that temporary rates should be calculated through January 27, 2021, not through January 28, 2021, as was done by the Company. To correct for these errors Energy determined that the volumetric-related recoupment was \$9,334.92.

Energy recommended an adjustment to reduce total rate case expenses in the Company's initial proposal by \$315.00 to correct two expense item amounts. The recommended adjustments included a reduction of \$210.00 for charges related to responding to commission audit inquiries, which are non-recoverable under Puc 1907.01(c), and a decrease of \$105.00 to adjust for an expense item for which the amount of time applied in the Company's calculation exceeded the time shown on the invoice. Finally, Energy recommended a longer period of recoupment and recovery to lessen the rate impact on customers.

Energy reported that the Company submitted certain revisions to its calculations in response to discovery. Specifically, the Company: (1) modified its calculation of the proposed recoupment in accordance with Energy's recommendations; (2) submitted an invoice for additional rate case expenses totaling \$402.50 in accounting costs incurred after its initial submission of rate case expenses;

and (3) revised the amount of the requested surcharge based on Energy's recommendations.

Energy recommended that the Commission approve the Company's rate case expenses in the amount of \$31,978.62; recoupment of revenue for the difference in temporary-to-permanent rates through the pendency of the rate case in the amount of \$9,334.92; and recovery of those amounts, totaling \$41,313.54, through a surcharge of \$48.38 per customer over 14 quarterly billing periods rather than the eight quarterly billing periods proposed by the Company. According to Energy's August 10, 2021 filing, the Company concurred with these recommendations.

D. COMMISSION ANALYSIS

1. Temporary-Permanent Rate Recoupment

RSA 378:29 requires the Commission to allow utilities to amortize and recover the difference between temporary and permanent rates over the effective period of the temporary rates if, upon the final disposition of the rate proceeding, the rates ultimately approved exceed the earlier imposed temporary rates. Here, the temporary rates were lower than the rates that the Commission ultimately approved. The difference created a revenue shortfall that the Company is entitled to recoup from its customers. The adjustments to the Company's initial proposal are in the customers' favor and were confirmed by Energy. We therefore approve the recoupment of revenue for the difference in temporary-to-permanent rates through the pendency of the rate case in the amount of \$9,334.92.

2. Rate Case Expense Recovery

N.H. Admin. R., PART Puc 1906 permits recovery of certain rate case expenses that are just and reasonable and in the public interest. Approved rate case expenses are recovered through the imposition of a surcharge to rates. Puc 1908.01. Lakes

Region initially proposed to recover \$31,558.62 in rate case expenses plus an amount of \$402.50 incurred after its initial submission through a surcharge applied to customer bills over eight quarters. Energy recommended certain adjustments as outlined above, including a recovery period of fourteen quarters rather than eight. The resulting total recovery of rate case expenses is \$31,978.62.

Consistent with the statute and administrative rules, we have reviewed the rate case expenses submitted by Lakes Region, as well as the recommendation and proposed adjustments filed by Energy and supported by the Company. We approve the Company's recovery of rate case expenses in the amount of \$31,978.62.

3. Total Recovery through Surcharge

We further find the Company's proposed recoupment of the temporary-to-permanent rate differential and recovery of the rate case expenses incurred in this proceeding, as adjusted and confirmed by Energy, to be just and reasonable and in the public interest. We therefore approve the recoupment of a temporary-to-permanent rate differential of \$9,334.92, and the recovery of \$31,978.62 in rate case expenses, as recommended by Energy with the concurrence of the Company. We further approve recovery of the proposed amounts, totaling \$41,313.54, through a temporary surcharge of \$48.38 per customer to be applied over 14 quarterly billing periods for all Lakes Region-Dockham Shores customers.

Based upon the foregoing, it is hereby

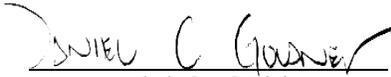
ORDERED, that Lakes Region Water Company, Inc. – Dockham Shores is authorized to recoup from its Dockham Shores customers \$9,334.92, representing the difference between revenues billed by Lakes Region Water Company - Dockham Shores between February 10, 2020, the effective date of temporary rates approved in

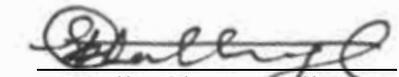
Order No. 26,446, and January 28, 2021, the effective date of the permanent rates approved in Order No. 26,446; and it is

FURTHER ORDERED, that Lakes Region Water Company, Inc. – Dockham Shores is authorized to recover \$31,978.62 in rate case expenses; and it is

FURTHER ORDERED, that Lakes Region Water Company, Inc. – Dockham Shores shall recoup the approved amounts for the difference in temporary-to-permanent rates and recover the approved amount of rate case expenses over 14 quarterly billing periods through a quarterly surcharge in the amount of \$48.38 per customer.

By order of the Public Utilities Commission of New Hampshire this ninth day of March, 2022.


Daniel C. Goldner
Chairman


Pradip Chattopadhyay
Commissioner


Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket# : 19-177

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