

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 20-187

LAKES REGION WATER COMPANY, INC.

Request for Change in Rates

Order Suspending Proposed Tariffs and Scheduling Prehearing Conference

ORDER NO. 26,463

March 26, 2021

This order suspends Lakes Region Water Company, Inc.'s proposed tariffs for temporary and permanent rate increases for 18 months, pending further investigation. It also schedules a prehearing conference for May 3, 2021.

By prior Order, the Commission directed Lakes Region Water Company, Inc. (Lakes Region or the Company) to file a full rate case "no later than December 31, 2020, utilizing a 2019 test year." *Lakes Region Water Company, Inc.*, Order No. 26,340 at 9 (March 26, 2020). On November 30, 2020, Lakes Region filed its notice of intent to file rate schedules. On December 29, the Company filed an assented-to motion to extend the filing deadline until January 15, 2021, which the Commission granted by Secretarial Letter on January 5, 2021.

On January 15, 2021, Lakes Region submitted its Petition for Permanent and Temporary Rate Increases. In the Petition, the Company requests an increase in, and consolidation of, its permanent rates, including the rates for its Consolidated Tariff Systems, Dockham Shores Division, and Wildwood Division. In the event that the Commission does not approve consolidation of rates, Lakes Region proposes a permanent rate increase for each individual rate group. The Company also requests, among other things, a temporary rate increase for each

individual rate group and the possibility of converting all customer bills from a quarterly billing cycle to a monthly billing cycle.

Lakes Region included pre-filed testimony with its Petition. That testimony included a recommendation “that the Commission consider allowing Lakes Region to make periodic step adjustments or water infrastructure cost adjustments as replacement for mains, pumping and treatment systems, and customer meters are completed and placed in service.” Lakes Region Water Company, Inc., Testimony of Thomas T. Mason, January 15, 2021, at 13. Lakes Region represented it “is also interested in exploring with the PUC Staff and any other parties the possibility of [a] meter program whereby water [systems] that are not metered get metered over time with a separate meter program recovery mechanism.” Lakes Region Water Company, Inc., Testimony of Stephen P. St. Cyr, January 15, 2021, at 52.

The Company, however, did not include those recommendations as requests in its petition. Accordingly, those portions of the pre-filed testimony do not constitute requests for Commission action. *See* N.H. Admin. R., Puc 202.01 (“any person seeking the action of the Commission shall do so by submitting a petition pursuant to Puc 203”); Puc 203.05 (“(a) All petitions and motions shall include the following: (2) A clear and concise statement of the authorization or other relief sought; (3) The statutory provision or legal precedent under which the authority or other relief is sought”); and Puc 203.06 (“(d) When submitted, written testimony shall set forth: (1) The facts relied upon; (2) Other relevant facts; and (3) Policy arguments in support of the result sought”).

On February 12, 2021, the Company resubmitted its proposed temporary and permanent rate tariffs, intended to replace those submitted with its original January 15 filing. After discussion with Commission Staff (Staff), Lakes Region refiled its proposed temporary and

permanent rate tariffs again on February 26, 2021, in order to replace and clarify its prior filings.

The requested effective date of all proposed tariffs submitted is February 28, 2021.

That date is only two days after the date of the Company's most recent tariffs filing. The tariffs, however, did not take effect on February 28, 2021, because the February 26 filing includes amendments to the Company's previous filing, with modified requested rates, along with a specific request to "disregard its February 12, 2012 [sic] submission." Lakes Region Water Company, Inc., Cover Letter, February 26, 2021, at 1. As a result, the tariffs could not take effect until at least March 28, 2021. *See* RSA 378:3 ("[u]nless the commission otherwise orders, no change shall be made in any rate, fare, charge or price, which shall have been filed or published by a public utility in compliance with the requirements hereof, except after 30 days' notice to the commission and such notice to the public as the commission shall direct"); *see also Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities*, Order No. 25,981 at 2 (January 26, 2017) ("[i]n the absence of [a tariff suspension], the tariff amendment might be deemed to become effective 30 days after filing under RSA 378:3")

The Company also submitted a Motion to Amend Temporary Rate Request, which properly reflects the Dockham Shores division's current rates. Lakes Region notes that after its January 15 filing, the Company submitted updated tariffs for its Dockham Shores division, reflecting an approved rate increase, as ordered by the Commission. *See Lakes Region Water Company, Inc. – Dockham Shores*, Order No. 26,446 (January 28, 2021) (authorizing a rate increase and directing the Company to submit compliance tariffs 15 days from the date of the Order's issuance). With the Motion to Amend Temporary Rate Request, Lakes Region now petitions for temporary rates for its Dockham Shores division to be set at its current rates.

Lakes Region included with its petition the pre-filed testimony of Thomas A. Mason and Stephen P. St. Cyr, various schedules and attachments, and proposed tariffs for temporary and permanent rates. The Petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted at <https://www.puc.nh.gov/Regulatory/Docketbk/2020/20-187.html>.

The following table represents Lakes Region's requested temporary rate and permanent rate increase for each individual rate group. The proposed quarterly base charges shown are compared to the Company's current quarterly base charges. The consumption charges are calculated per 100 cubic feet (ccf). The Dockham Shores current tariff charges a consumption rate per 100 gallons, but also provides the equivalent charge per ccf. For ease of comparison, the consumption charges have all been converted to per ccf consumed. One ccf is equivalent to 748 gallons of water. See <http://aquarionwater.com/conservation> (providing user-friendly conversion calculator).

**PROPOSED TEMPORARY & PERMANENT RATE INCREASE:
INDIVIDUAL RATE GROUP**

Rate Group	Current Base Charge	Proposed Temporary Base Charge	Proposed Permanent Base Charge	Current Consumption Charge	Proposed Temporary Consumption Charge	Proposed Permanent Consumption Charge
Consolidated Tariff Systems (Divisions with Consumption Charge)	\$145.42	\$151.98	\$162.19	\$5.66	\$5.90	\$6.30
Consolidated Tariff Systems (Divisions without Consumption Charge)	\$184.89	\$193.23	\$206.20	N/A	N/A	N/A
Consolidated Tariff System (Waterville Valley Gateway – Pool)	\$429.32	\$448.67	\$478.81	N/A	N/A	N/A
Dockham Shores	\$145.42	\$145.42	\$120.23	\$5.66	\$5.66	\$19.88
Wildwood	\$130.50	\$181.79	\$410.11	N/A	N/A	N/A

The Company also proposed consolidated rates for its three rate groups that would make the rates uniform. The following table represents the Company's request for consolidated rates for each customer. The proposed consolidated rate shown is compared to the current quarterly rate Lakes Region charges. The consumption charge is calculated per ccf consumed.

CONSOLIDATED RATE FOR WATER SYSTEMS

Rate Group	Current Base Charge	Proposed Consolidated Base Charge	Current Consumption Charge	Proposed Consolidated Consumption Charge
Consolidated Tariff Systems (Divisions with Consumption Charge)	\$145.42	\$174.24	\$5.66	\$5.79
Consolidated Tariff Systems (Divisions without Consumption Charge)	\$184.89	\$221.52	N/A	N/A
Consolidated Tariff System (Waterville Valley Gateway – Pool)	\$429.32	\$514.37	N/A	N/A
Dockham Shores	\$145.42	\$174.24	\$5.66	\$5.79
Wildwood	\$130.50	\$221.52	N/A	N/A

Last, the Company includes a request for approval of a 10.44 percent return on equity (ROE). That request includes a request for a 0.25 percent adder for “exemplary performance.”

The filing raises, inter alia, issues related to whether the proposed temporary rates are reasonable and sufficient to yield not less than a reasonable return of the cost of property of the utility used and useful in the public service less accrued depreciation, as required by RSA 378:27, and subject to reconciliation, per RSA 378:29; whether consolidation of rates for three rate groups will result in permanent rates that are just, reasonable, and lawful, as required by RSA 374:2, RSA 378:5, RSA 378:7, and RSA 378:28; whether the consolidation of rates will cause unreasonable cross-subsidization of one or more rate groups at the expense of the other customers; whether, in the alternative, the proposed individual permanent rates for three rate

groups are just, reasonable, and lawful, as required by RSA 374:2, RSA 378:5, RSA 378:7, RSA 378:28; whether those proposed increases will yield a just and reasonable rate of return on capital investment in plant and equipment, less accrued depreciation, including extensive plant additions to its Dockham Shores and Wildwood divisions; whether the capital investments were prudent as required by RSA 378:28 and are used and useful in Lakes Region's provision of service to its customers, as required by RSA 378:27 and RSA 378:28; and whether Lakes Region's request for a 10.44 percent ROE, including a 0.25 percent adder for exemplary performance, will produce resulting rates that are just, reasonable, and lawful, as required by RSA 374:2, RSA 378:5, and RSA 378:7.

On April 24, 2020, the Governor issued an executive order (Exhibit D to Executive Order #29) that extended the Commission's ability to suspend rate schedules by six months, from 12 to 18 months. *See* 378:6, I(a). The extension applies to this proceeding; however, the Commission will endeavor to set rates as expeditiously as possible.

Lakes Region's proposed tariff revisions warrant further investigation. Accordingly, we suspend the proposed tariff pages for 18 months pending our investigation pursuant to RSA 378:6, I(a). Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that the proposed tariff pages are suspended for a period of 18 months pursuant to RSA 378:6, I(a), and Exhibit D to Executive Order #29, pending investigation and further order of the Commission; and it is

FURTHER ORDERED, that, consistent with Governor Christopher T. Sununu's Emergency Order #12, the Commission will hold a web-enabled remote prehearing conference,

pursuant to N.H. Admin. R., Puc 203.15, on May 3, 2021, at 1:00 p.m., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in Puc 201.15. The public may join the hearing by accessing

<https://www.puc.nh.gov/Regulatory/Calendar-Remote.html>. **If you have any difficulty obtaining access to this remote event, please notify the Commission by calling (603) 271-2431 as soon as possible.** Parties will be provided with additional instructions prior to the hearing; and it is

FURTHER ORDERED, that immediately following the prehearing conference, the parties and Commission Staff will hold a web-enabled remote Technical Session to review the petition, discuss a procedural schedule, and allow Lakes Region to provide any amendments or updates to its filing; and it is

FURTHER ORDERED, that, pursuant to N.H. Admin. R., Puc 203.12, Lakes Region shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order on its company website within one day of this order, such publication to be documented by affidavit filed with the Commission on or before April 30, 2021. The Commission will also publish the order on its website <https://www.puc.nh.gov/Regulatory/ordersofnotice.htm>; and it is

FURTHER ORDERED, that, consistent with N.H. Admin. R., Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission a Petition to Intervene with electronic copies sent to the entire service list, on or before April 30, 2021, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, consistent with Puc 203.17.

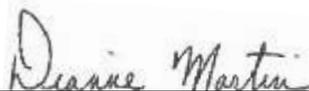
Pursuant to the secretarial letter issued on March 17, 2020, (see

<https://puc.nh.gov/Regulatory/Secretarial%20Letters/20200317-SecLtr-Temp-Changes-in->

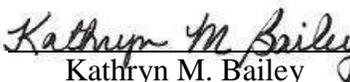
[FilingRequirements.pdf](#)), any party seeking to intervene may elect to submit this filing in electronic form; and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said objection on or before May 3, 2021.

By order of the Public Utilities Commission of New Hampshire this twenty-sixth day of March, 2021.

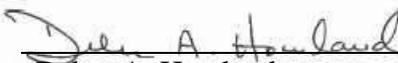


Dianne Martin
Chairwoman



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director

Service List - Docket Related

Docket#: 20-187

Printed: 3/25/2021

Email Addresses

ExecutiveDirector@puc.nh.gov
douglas.brogan@gmail.com
robyn.descoteau@puc.nh.gov
steve.frink@puc.nh.gov
david.goyette@puc.nh.gov
jayson.laflamme@puc.nh.gov
anthony.leone@puc.nh.gov
lrwh2oserv@yahoo.com
karen.moran@puc.nh.gov
amanda.noonan@puc.nh.gov
ocalitigation@oca.nh.gov
justin@nhwaterlaw.com
stephenpstcyr@yahoo.com
Christopher.tuomala@puc.nh.gov
leah@Lakesregionwater.com