

TAB 10

Petition to Approve Rates and Tariff Amendments

RSA 378.7 and RSA 378.28

STATE OF NEW HAMPSHIRE

THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

HAMPSTEAD AREA WATER COMPANY, INC

DW 20-117

**PETITION TO APPROVE TEMPORARY AND PERMANENT RATES, AND TO
APPROVE 2021 WICA**

The Hampstead Area Water Company, Inc. (HAWC) petitions the N.H. Public Utilities Commission (Commission) to approve both temporary rates and permanent rates, and to approve implementation of a Water Infrastructure and Conservation Adjustment (WICA) surcharge beginning in 2021. In support of this Petition, HAWC submits the accompanying documents, identified by 43 separate tabs, and states the following.

1. HAWC is presently franchised in most areas of Hampstead and Atkinson, New Hampshire, and has franchised satellite systems in various towns in Rockingham County (see Schedule A, attached). HAWC has been granted a system wide, consolidated rate in Docket DW-05-112, by Order No. 24,734. The last general rate case filing by the Company was approved in Docket 17-118 by Order No. 26,195.
2. HAWC has made strides since its last rate case in response to its customers' and system needs, and the Company's goals in conjunction with the Public Utilities Commission (PUC) and the Department of Environmental Services (DES). HAWC has achieved improvements in the areas of its water supply, water quality, water pressure, leak detection, and water loss control.
3. The Company has also added to its infrastructure making several large capital improvements. The Company has made changes to improve its cash flow and

accomplished moderate growth to its customer base. (See Testimony of Charlie Lanza, Tab 7).

4. The Company is also a participant in the Southern New Hampshire Regional Water Project (SNHRWP) (see Docket 19-147) and as part of that project built a 1 million gallon storage tank (see Docket 18-138), changed its water treatment for its core system to match that used for the SNHRWP, and made several system upgrades. This was all done to accept SNHRWP water from Manchester, through Derry, Windham, and Salem to ultimately reach the Town of Plaistow to help solve their water contamination issues. HAWC customers will benefit from this project by gaining guaranteed minimum water quantity from SNHRWP to supplement its growing water needs for both domestic and commercial use and also for improved fire suppression capabilities.
5. The Company commissioned a Cost of Service Study (COSS) as part of this rate case submission performed by David M. Fox of Raftelis Financial Consultants, Inc. Mr. Fox submits Testimony and the COSS in support of this rate case submission. (See Tab 7 for Mr. Fox's Testimony, and Tab 21 for the COSS). Based on the COSS, HAWC is proposing to increase customer base charges depending on the size of the meter, and for volumetric charges to a tiered rate system—two tiers for single-family residential customers and a separate rate for non-single-family and non-residential customers. (See Tab 21). Single-family residential Tier 1 is an increase of \$.72 for a proposed rate of \$6.83, a 11.8% increase. Single-family residential Tier 2 is an increase of \$4.13 for a proposed rate of \$10.24, a 67.6% increase. The non-single family and non-residential rate is an increase of \$3.20 for a proposed rate of \$9.31, a 52.4% increase.

6. Current rates approved by the Commission do not allow HAWC to meet its anticipated operation expenses and earn its proposed rate of return.
7. In additional support of its request for a rate increase, the Company provides Pre-Filed Testimony of Stephen P. St. Cyr, and the Financial Exhibits attached thereto.
8. The Company seeks a return of equity percentage of 10.44% which includes .50% for rate case expenses and .25% of rate adder for exemplary performance. See Pre-Filed Testimony of Stephen P. St. Cyr at Schedule 4 (See Tab 12). The Company believes it qualifies for the exemplary performance adder due to it
9. s successful and ongoing efforts to reduce water loss, add capacity and make core system improvement to participate in the Southern New Hampshire Regional Water Interconnection Project, and based on its participation in Docket IR 20-089. The 2019 test year reflects some expenses related to water loss.
10. The Company seeks to eliminate its revenue deficiency of \$224,853 to \$0.00. (See Testimony of Stephen P. St. Cyr, Computation of Revenue Deficiency at Schedules 1, 3 and 4, at Tab 11).
11. The Company is also requesting an increase, through an increase base charge, an increase in volumetric rates, and an increase in fire protection charges including residential fire protection, totaling \$1,523,330. Among the various system acquisitions and improvements, the Company is participating in the SNHRWP that includes a significant contribution in aid of construction (CIAC) including construction of a 1 million gallon water storage tank, and receipt of grant money and loans. This increase will allow the Company to add the CIAC tax to plant/rate base and reflect such costs in revenue and rates.

12. The Company's proposed increase of its revenue and proposed rate changes are necessary to allow the Company to recover its expenses and to earn a fair and reasonable return on its investment.
13. The Company is requesting a permanent revenue increase of \$1,523,330 effective December 15, 2020 through a tiered rate framework as outlined in the COSS. The Company has applied the proposed rate increase to all its metered customers. (See Proposed Tariff Rate Change Page, at Tab 13). If the Commission suspends the proposed permanent rates, the Company is proposing temporary rates. The proposed temporary rates would result in an increase in revenue of \$301,059 or 15.30%. On a per general customer basis, the average costs would go from \$557.00 to \$642.21, an increase of \$85.21 or 15.30%. (See Temporary Rate schedules and testimony of Stephen P. St. Cyr, at Tab 42).
14. The Company also seeks to implement a WICA surcharge beginning in 2021. The total annual revenue requirement is \$10,833 annually resulting in an annual surcharge per customer of \$3.07 or \$.26 per month per customer. (See WICA schedules and WICA testimony of Stephen P. St. Cyr, at Tab 43).
15. In summary, the Company is requesting a permanent revenue increase of \$1,523,330, effective December 15, 2020. The permanent revenue increase of \$1,523,330 enables the Company to earn a proposed 5.56% rate of return on its investment.
16. The Company is also requesting a redesign of its rates based on its COSS based on a tiered volumetric system, 2 single-family residential tiers of \$6.83 and \$10.24 respectively, and a non-single-family and non-residential rate of \$9.31, effective on December 15, 2020. The increase of \$1,523,330 enables the Company to earn a proposed

5.56% rate of return on its investment, reflected in a projected rate base of \$9,966,564.

Under the Company's current rate structure the average annual amount for a general customer will increase from \$557.00 to \$988.17, an increase of \$431.17 or 77.41%.

17. It would be in the public good for HAWC to have an increase in rates established.

HAWC provides the following in support of this petition:

- A. The rate filing schedules, attached in the Financial Exhibits and submitted collectively in the various accompanying Tabs, the Pre-Filed Testimony of Stephen P. St. Cyr. As can be seen by the Pre-Filed Testimony of Stephen P. St. Cyr and the attached Exhibits, the rate increase is warranted due to the need for increased revenue;
- B. A cost of service study and appendices (COSS), the Pre-filed Testimony of Dave Fox. As can be seen by the Pre-Filed Testimony of Dave Fox and the attached COSS, the rate increase is warranted due to the Company's costs of providing service to its customers;
- C. Temporary rate schedules and pre-filed testimony, attached as Tab 42; and
- D. WICA schedules and pre-filed testimony, attached as Tab 43.
- E. HAWC is requesting this system-wide permanent rate increase be effective as of December 15, 2020.
- F. For all the reasons set out hereinabove, it would be in the public good for HAWC to have a new system wide rate increase, to implement WICA as proposed, and to charge temporary rates as proposed.

WHEREFORE your Petitioner prays:

- A. That the Commission find that it would be in the public good for the HAWC to be permitted to charge the system wide rate increase as proposed;
- B. That the Commission find that it would be in the public good for HAWC to be permitted to charge the system wide temporary rate increase as proposed;
- C. That the Commission find that it would be in the public good for HAWC to implement WICA as proposed;
- D. That the Commission, by appropriate order, grant HAWC permission to charge the system wide temporary rates, and thereafter permanent rate increase as proposed, effective December 15, 2020, and to implement WICA.
- E. That the Commission make such further findings and orders as may be appropriate on the circumstances.

Dated the 24th day of November 2020

Respectfully submitted,
HAMPSTEAD AREA WATER COMPANY, INC.

/s/ Christine Lewis Morse
Christine Lewis Morse
Vice President

Schedule A

HAWC System History

Company	Year	Docket	Order	Franchise Area
Walnut Ridge Water Company	1977	DE 76-179	12,827	1,826 Acres
Lancaster Farms-Salem	1984	DR 84-267	17,312	144 Acres
Bricketts Mill-Hampstead	1985	DE 85-149	17,848	80 Acres
Squire Ridge-Hampstead	1985	DE 85-274	17,967	140 Acres
Kent Farm-Hampstead	1987	DE 86-198	18,560	1,700 Acres
Kent Farm-Hampstead	1987	DE 86-198	18,598	Supp. Order
Woodland Pond-Hampstead	1987	DE 87-211	18,980	701 Acres
Bryant Woods-Atkinson	1988	DE 87-226	19,230	2,340 Acres
Hampstead Area Water Company	1989	DE 89-047	19,717	Hampstead Merger ¹
Hampstead Area Water Company	1989	DE 89-047	19,751	1,650
Walnut Ridge Water Company	1990	DE 90-129	19,992	Bryant Woods Merger ²
HAWC-Bricketts Mill Extension	1990	DE 90-049	19,783	55 Acres
HAWC-Hampstead	1991	DE 91-121	20,224	1,246 Acres
HAWC-Hampstead	1991	DE 91-144	20,320	1,350 Acres
HAWC-Rainbow Ridge-Plaistow	1993	DE 92-129	20,774	370 Acres
HAWC-Stoneford-Sandown	1996	DE 96-201	22,551	152 Acres
HAWC-Colby Pond-Danville	1998	DE 97-154	22,854	3,483 Acres
HAWC-Oak Hill-Chester	2000	DW 00-059	23,577	177 Acres
HAWC-Walnut Ridge & Lancaster	2002	DW 01-204	23,954	Atkinson Merger ³
HAWC-Camelot Court-Nottingham	2004	DW 02-198	24,296	44 Acres
HAWC-Cornerstone-Sandown	2004	DW 02-198	24,296	188 Acres
HAWC-Lamplighter-Kingston	2004	DW 02-198	24,296	13.66 Acres
HAWC-Maplevale-East Kingston	2004	DW 03-150	24,299	107 Acres
HAWC-Dearborn Ridge-Atkinson	2005	DW 04-055	24,501	541 Acres
HAWC-Hampstead Expansion	2005	DW 04-062	24,520	238 Acres
HAWC-Mill Woods-Sandown	2005	DW 05-063	24,544	35 Acres
HAWC-Waterford Vill. -Sandown	2005	DW 05-070	24,545	90.37 Acres
HAWC-Atkinson Expansion	2005	DW 05-092	24,592	333 Acres
HAWC-Autumn Hills-Sandown	2006	DW 06-016-	24,608	33.68 Acres
HAWC - Cooper Grove-Kingston	2008	DW-07-133	24,831	211 Acres
HAWC - Black Rocks Village	2008	DW-07-134	24,856	391 Acres
HAWC – Sargent Woods	2008	DW-07-130	24,884	65.97 Acres
HAWC – Oak Hill Extension	2010	DW 10-204	25,166	27.851 Acres
HAWC – Fairfield Estates	2011	DW 11-218	25,318	21.97 Acres
HAWC – Little River Village	2013	DW 13-323	25,636	127.00 Acres
HAWC – Emery Drive Extension	2014	DW 14-022	25,672	1,125 Acres
HAWC – Sargent Woods Ext.	2014	DW 14-107	25,704	26.82 Acres
HAWC – Snow’s Brook	2015	DW 14-319	25,757	23.11 Acres
HAWC – King’s Landing	2015	DW 15-254	25,827	35.16 Acres
HAWC – Wells Village	2016	DW 16-825	25,979	40.83 Acres
HAWC – Bow Lake Estates	2018	DW 17-145	26,153	25.00 Acres
HAWC – Kelley Green-Sandown	2020	DW 19-031	26,381	18.27 Acres

1-Merged Bricketts Mill, Kent Farm, Squire Ridge and Woodland Pond into HAWC

2-Merged Bryant Woods into Walnut Ridge with requirement that the Bryant Woods rates apply

3-Merged Lancaster Farms and Walnut Ridge into HAWC