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Please respond to the Portsmouth office

January 22, 2015

NHPUC JAN25'16 AM11:23

Debra A. Howland
Executive Director & Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

Re: Abenaki Water Company; DW 15-199

Dear Executive Director Howland:

At the technical session and settlement conference on November 19, 2015, Abenaki Water Co., Inc. ("Abenaki") provided its actual and estimated rate case expenses to Staff and the parties. Because this information was presented during the settlement conference, Abenaki agreed to provide a formal "detailed description of rate case expenses actually incurred" as well as an estimate of remaining expenses pursuant to Rule 1905.01. I have therefore enclosed Abenaki's report showing actual and projected rate case expenses for the period ending October 31, 2015.

Abenaki directs the Commission and Staff's attention to the rate case expenses for services provided by its affiliate, New England Service Company ("NESC"). Abenaki's approved Affiliate Agreement dated January 1, 2015 allows NESC to provide rate case services to Abenaki, including "regulatory and compliance reporting" as well as "other routine, periodic, and related tasks as necessary". NESC provides these services because the cost to maintain staff to provide these and other services for a utility serving a total of 410 water and sewer customers is prohibitive.

The Affiliate Agreement allows NESC to provide services on terms that are favorable to Abenaki's customers. However, the rate specified in the Agreement of \$75 per hour is based on the cost for NESC to manage operations, construction and similar services. In preparing the enclosed report of rate case expenses, it has come to Abenaki's attention that the Agreement does not specify the rates or costs that NESC ordinarily charges for "regulatory and compliance reporting" and "other routine, periodic, and related tasks as necessary". As shown in the enclosed report, NESC provided these services and charged Abenaki rates

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based on NESC's actual costs of \$40.65 per hour for its Treasurer, Deborah Carson, and, \$121.71 for engineering, technical and management services provided by its Chairman, Donald Vaughan, P.E. This resulted in a total cost of \$7,714.06 as of October 31, 2015. If NESC had charged the \$75 per hour rate specified in the Affiliate Agreement, the costs for these services would have been \$11,895.00, which is \$4,180.94 higher than the amount actually charged by NESC.

Abenaki requests that Staff review the enclosed report of rate case expenses and recommend that the Commission allow Abenaki to continue to incur and report rate case expenses at NESC's cost based rates. Abenaki expects that the rates for NESC will increase slightly based on wages and benefits increases in 2015. However, Abenaki expects that allowing it to continue to use NESC's cost based rates for rate case expenses, subject to Commission approval, will result in lower costs to customers, as the enclosed report for the period ending October 31, 2015 demonstrates. Abenaki also recognizes the Affiliate Agreement will need to be amended to specify the correct rates in the future. However, for the present, Abenaki requests the concurrence of Staff and the Commission, as appropriate, in order to continue to incur and report rate case expenses in this proceeding.

Thank you for your assistance in this matter. If you have any question, please feel free to contact me.

Very truly yours,



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JCR/sem

Enclosure(s)

cc: Service List DW 15-199 (Via Electronic Mail)