

State of New Hampshire

Public Utilities Commission

DW 19-177

Lakes Region Water Company, Inc. – Dockham Shores

Request for Change in Rates

Objection to Lakes Region Water Company, Inc.'s, Request for Waiver of Certain Puc 1604.01 Rate Case Filing Requirements

On October 17, 2019, Lakes Region Water Company, Inc. (Lakes Region or the Company), filed a Request for Waiver of Certain Puc 1604.01 Rate Case Filing Requirements (Motion). Staff of the Public Utilities Commission (Staff) hereby Objects to this Motion and states as follows:

1. On October 17, 2019, Lakes Region filed a Notice of Intent to File Petition for PUC Approval of Rate Schedules indicating that the Company intended to file its rate schedules for its Dockham Shores customers within 30 to 60 days from the date of filing. Dockham Shores is a division of Lakes Region, comprised of 61 customers and subject to separate water rates from Lakes Region's consolidated tariff rates. The Company estimated seeking an annual revenue increase for Dockham Shores of \$39,000, equivalent to a 90 percent annual increase, based on a pro forma 2018 test year.
2. With its Notice of Intent, Lakes Region filed its Motion requesting a waiver of 17 out of the 26 full rate case filing requirements, pursuant to N.H. Code Admin. Rules Puc 1604.01(a). The Company, in its Motion, listed each waiver request, along with a brief supporting reason. The following is each waiver requested by Lakes Region, along with the Company's supporting reason for the waiver indicated in parentheses:

- a. Puc 1604.01(a)(1) - internal financial reports (Dockham Shores does not produce monthly financial statements);
- b. Puc 1604.01(a)(2) - annual reports to stockholders and statistical supplements (Dockham Shores does not prepare annual reports to stockholders);
- c. Puc 1604.01(a)(3) - federal income tax reconciliation (Dockham Shores does not file a separate federal income tax return);
- d. Puc 1604.01(a)(5) - charitable contributions (Dockham Shores did not make any charitable contributions during the test year);
- e. Puc 1604.01(a)(6) - advertising charged (Dockham Shores did not incur any advertising expense);
- f. Puc 1604.01(a)(7) - cost of service study (Dockham Shores has never had a cost of service study performed);
- e. Puc 1604.01(a)(9) - chart of accounts, if different from the uniform system of accounts established by the Commission (Dockham Shores utilizes the PUC uniform system of accounts);
- f. Puc 1604.01(a)(10) - Securities and Exchange Commission 10K and 10Q forms (Dockham Shores does not prepare the Securities and Exchange Commission 10K and 10Q forms);
- g. Puc 1604.01(a)(12) - depreciation study (Dockham Shores has not conducted a depreciation study);
- h. Puc 1604.01(a)(13) - management and financial audits (Dockham Shores has not been involved in a management and/or financial audit);

- i. Puc 1604.01(a)(14) - list of officers and directors and their full compensation (Dockham Shores does not have separate officers and directors);
 - j. Puc 1604.01(a)(15) - officer and executive incentive plans (Dockham Shores does not have separate officers and directors);
 - k. Puc 1604.01(a)(16) - amount of voting stock (Dockham Shores does not have separate officers and directors);
 - l. Puc 1604.01(a)(18) - amount of assets and costs allocated to non-utility operations (Dockham Shores has no non-utility operation);
 - m. Puc 1604.01(a)(20) - quarterly income statements for previous two years (Dockham Shores does not generate quarterly financial statements)
 - n. Puc 1604.01(a)(24) - amount of outstanding short term debt (Dockham Shores has no short-term debt); and
 - o. Puc 1604.01(a)(25) - subsidiary report (Dockham Shores is not a subsidiary, it is a division of the Company).
3. Pursuant to Puc 201.05, the Commission shall waive the provisions of any of its rules when it finds that the waiver serves the public interest and will not disrupt the orderly and efficient resolution of the matters before it. Staff contends that the Commission should flatly reject Lakes Region's entire Motion as the waiver would not serve the public interest and, if it were to grant the Motion, the waivers would disrupt the efficient resolution of this matter.
4. Staff contends that a waiver of the required filings would not be in the public interest as the information contained within those filing requirements are crucial to Staff's examination of rates in the proposed rate case. Staff recognizes that Dockham Shores is a

dependent division of the greater Lakes Region utility. The financial information pertaining to Dockham Shores cannot be examined as an individual utility, as Dockham Shores is merely a division. The information pertaining to Dockham Shores, instead, needs to be viewed in the context with the Company's finances as a whole. In order to proceed with Staff's investigation, Staff requires the financial information of both Lakes Region and Dockham Shores in order to determine if the rate increase proposed is just and reasonable pursuant to RSA 378:7. As such, Staff requests that Lakes Region be required to submit the financial information required in each filing for both Lakes Region as a whole, and as Lakes Region's financial information applies to Dockham Shores.

5. Staff contends, furthermore, that a waiver of these requirements would disrupt the orderly and efficient resolution of the matters before the Commission as Staff would need to conduct additional rounds of discovery for information already required to be filed by its rules. As stated, Staff cannot proceed with its investigation without the required information, so the sooner it receives that information will assist in the efficiency of the proceeding. Lastly, the Company has the burden of proof, pursuant to RSA 378:8, and a shift of this burden onto Staff by supplementing the Company's argument is not permitted.
6. Staff recognizes that some of the filing requirements, such as Puc 1604.01(a)(9) (different chart of accounts) or Puc 1604.01(a)(25) (subsidiaries), may truly not apply to either Dockham Shores or Lakes Region. Staff, however, argues that a waiver for those reasons is not in the public interest either. Staff argues that the public interest would be better served if the reason for the filing's absence is simply provided for by the Company in the rate case filing. *See Docket No. DW 19-084, Pennichuck Water Works, Inc., Request for*

Change in Rates, Rate Case Filing Requirements Pursuant to Puc 1604, July 1, 2019

(provided individual documents noting the required Puc 1604.01(a) required filings and the reasons for its absence). By noting the filing's absence, furthermore, will greatly aid future review of the record, as all information necessary will be presented in one, continuous location, mirroring the requirements of Puc 1604.01(a). That mirroring makes it easier for the interested person to review the docket's record.

7. Pursuant to Puc 201.05(b)(1), additionally, the Commission determines the public interest by examining if compliance with the rule would be onerous to the affected person. Staff contends that by requiring the Company file as suggested would not be onerous to the Company. Merely inserting a slip in the filing stating that the information is not generated, or that the filing does not apply, furthermore, is arguably less onerous than the time it took the Company to compile the instant request for waiver.

WHEREFORE, for the reasons set forth hereinabove, Staff respectfully requests that the Commission:

1. deny Lakes Region's Motion for Waiver of Puc 1604.01(a)(1), (2), (3), (5), (6), (7), (9), (10), (12), (13), (14), (15), (16), (18), (20), (24), and (25); and
2. require Lakes Region to make the required filings even if the information required is unavailable by noting as much in the filing, as described above; and
3. require Lakes Region to file the required financial information for both Lakes Region as a whole, and for Dockham Shores as a division.

Respectfully submitted,

Staff of the Public Utilities Commission

By its Attorney,



Christopher R. Tuomala, #19600
21 South Fruit Street, Suite 10
Concord, NH 03301
(603) 271-6011
Christopher.R.Tuomala@puc.nh.gov

I hereby certify that, on October 28, 2019, a copy of this Objection has been hand delivered to the Commission and has been sent electronically to the Service list in this matter.



Christopher R. Tuomala