

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 22-058

BEDFORD WASTE SERVICES CORPORATION

Request for Change in Rates

Order *Nisi* Approving Recovery of Step II Adjustment

O R D E R N O. 26,956

March 7, 2024

This order approves Bedford Waste Services Corporation's (Bedford) request for a second step adjustment to Bedford's rates. The resulting step adjustment will increase Bedford's annual revenue requirement by \$919.69. Customer bills will increase by \$11.79 annually or \$2.95 per billing quarter representing a 1.25 percent increase from the previously approved Permanent Rate and Step I revenue requirement.

Bedford's petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at

<https://www.puc.nh.gov/Regulatory/Docketbk/2022/22-058.html>.

I. BACKGROUND AND PROCEDURAL HISTORY

On October 17, 2022, Bedford petitioned the Commission for authority to implement new permanent rates for water services. On March 30, 2023, the Commission issued an order authorizing temporary rates. See Order No. 26,793. On June 28, 2023 Bedford and the Department of Energy (DOE) filed a settlement on permanent rates (Settlement). The Commission held a final hearing on the proposed Settlement on July 12, 2023. On September 12, 2023 the Commission approved the

Settlement and resulting permanent rates. See Order No. 26,884. Order No. 26,884 authorized Bedford to file a Step II adjustment to recoup expenses associated with 2023 pump replacements.

On January 8, 2024, Bedford filed its request to recover the expenses associated with replacement of one pump in 2023. In total, the 2023 cost to replace the pump was \$4,128.91, resulting in a \$947.17 increase in Bedford's previously approved revenue requirement.

On February 8, 2024, the DOE filed its technical statement of Utility Analyst Robyn Descoteau. After reviewing Bedford's filing and engaging in discovery, the DOE concluded that Bedford's request for a Step II revenue adjustment was consistent with the Commission's order approving the settlement. The DOE recommended approval of a revised revenue adjustment of \$919.69¹ by an Order *Nisi* to be implemented by Bedford in its next billing cycle.

II. COMMISSION ANALYSIS

RSA 378:7 authorizes the Commission to establish just and reasonable rates for a utility after conducting a hearing. In determining just and reasonable rates, the Commission must balance the consumers' interest in paying rates no higher than are required with the investors' interest in obtaining a reasonable return on investment. *Hampstead Area Water Company*, DW 05-112, Order No. 24,734 at 53-54 (citing *Eastman Sewer Co.*, 138 NH 221, 225 (1994)). The utility seeking to increase rates bears the burden of proving the necessity of the increase. RSA 378:8.

¹ Upon review of Bedford's discovery, the DOE noted that Bedford failed to account for 6 months of depreciation. Upon recalculation of the depreciation, Bedford's request to add an additional \$947.17 in revenue requirement was reduced by \$27.48. Per the February 8, 2024 DOE filing, Bedford concurred with the DOE's recommendation.

The Commission has approved step adjustments for limited use as a mechanism between full rate cases to allow a utility to collect additional revenue on investments that are non-revenue producing and are made to improve safe and reliable service. See *Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty*, Order No. 26,661 (July 29, 2022) at 4, citing *Public Service Company of New Hampshire d/b/a Eversource Energy*, Order No. 26,504 (July 30, 2021) at 5. Step adjustments are generally limited in scope and permit recovery for investments similar to those that have been reviewed in the underlying rate case that established the step adjustment provision. *Id.* Utilities have the burden of showing that capital investments included in a step adjustment are prudent, in service, and used and useful. *Id.*

Accordingly, Bedford has the burden to show that the step adjustment presented in this proceeding incorporates only investments that were placed in service and were used and useful in the applicable test year and that the rates proposed to collect the revenue requirement associated with those investments are calculated accurately. *Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities*, Order No. 26,494 (July 1, 2021) at 5-6.

The Step II revenue adjustment is limited to the costs of replacement pumps put in service in 2023. At the time the parties entered into the Settlement on permanent rates, it was estimated that three replacement pumps would be placed in service in 2023 by Bedford. Bedford has confirmed that it replaced one pump in 2023. The \$919.69 represents the increase over Bedford's approved revenue requirement for the replacement pump.

The DOE has provided a technical statement to support implementation of the Step II rates. Based on the record, we find the revenue requirement in the proposed Step II to be just and reasonable, as required by RSA 378:7. Through its pleadings and

the discovery responses incorporated in DOE's audit report, Bedford has demonstrated that the proposed Step II adjustment to permanent rates is necessary and accurately reflects the cost of the one additional replacement pump put in service in 2023.

Accordingly, we find that Bedford has met its burden of proving the necessity of the increased rates through the proposed step adjustment under RSA 378:8. The Step II rates conclude the adjustments to Bedford's revenue requirement as authorized by the Commission in Order No. 26,884. A final summary of the rates ordered in this docket can be seen in the following table.

	Permanent Rate	Step 1 Rate	Step 2 Rate
Annual Rate per Customer	\$850.45	\$940.98	\$952.77
Change in Annual Rate per Customer		\$90.53	\$11.79
Percentage Increase		10.64%	1.25%

We find that the Step II rates proposed to collect the revenue requirement associated with the identified 2023 pump replacement are just and reasonable. Therefore, we approve the Step II adjustment as presented by Bedford on January 8, 2024 as amended by the DOE.

Based upon the foregoing, it is hereby

ORDERED NISI, that subject to the effective date below, the request to adjust Bedford Waste Services Corporation revenue requirement in the amount of \$919.69 is **APPROVED**; and it is

FURTHER ORDERED that that the rates resulting from the Step II adjustment of an annual increase per customer of \$11.79 or \$2.95 per billing quarter are **APPROVED** effective as of the date of this order; and it is

FURTHER ORDERED, that, pursuant to N.H. Code Admin. Rules Puc 1603, Bedford shall submit properly annotated revised tariff pages within 15 days of the effective date of this order; and it is

FURTHER ORDERED, that DOE shall review the annotated revised tariff pages and submit to the Commission its assessment of the annotated changes within 10 days of the Company's submission of the revised tariff pages; and it is

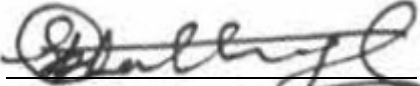
FURTHER ORDERED that Bedford Waste Services Corporation shall post a copy of this order on the Company's website within two business days of the date of this order, with an affidavit of publication to be filed with this office on or before March 11, 2024; and it is

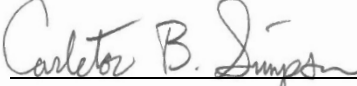
FURTHER ORDERED, that all persons interested in responding to this order be notified that they may submit their comments or file a written request for a hearing, stating the reason and basis for a hearing, no later than March 21, 2024 for the Commission's consideration; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than March 28, 2024; and it is

FURTHER ORDERED, that this order shall be effective April 6, 2024, unless the Bedford Waste Service Corporation fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date; and it is

By Order of the Public Utilities Commission of New Hampshire this seventh day of March, 2024.


Pradip K. Chattopadhyay
Commissioner


Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 22-058

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