

THE STATE OF NEW HAMPSHIRE

CONSUMER ADVOCATE
Meredith A. Hatfield

ASSISTANT CONSUMER ADVOCATE
Kenneth E. Traum



TDD Access: Relay NH
1-800-735-2964
Tel. (603) 271-1172
FAX No. 271-1177
Website:
www.oca.nh.gov

OFFICE OF THE CONSUMER ADVOCATE
21 S. FRUIT ST., SUITE 18
CONCORD, NEW HAMPSHIRE 03301-2429

June 24, 2009

Debra Howland
Executive Director & Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-7319



RE: DW 08-088 Hampstead Area Water Company – Petition for Financing Authority

Dear Ms. Howland:

I am writing to follow up on our recent discussion about a portion of Order 24,977 in the above-referenced docket which we believe is in error. I appreciate your willingness to consider our request that the order be corrected to accurately reflect the parties' recommendation to the Commission in the docket. The specific correction to Order 24,977 that we seek is discussed below.

On page 1, in the first paragraph, it states, "The stipulation also requested Commission authorization for a step adjustment to HAWC's rates upon completion of the project, subject to Commission review and audit." This statement is incorrect. Instead, the stipulation recommended that the entire issue of the step adjustment (including the Commission's authorization) be considered in another pending docket, DW 08-065. See Stipulation, p. 6, paragraph D.3 ("The Staff, HAWC and the OCA agree to transfer HAWC's request for a step adjustment to the pending general rate case, DW 08-065, for inclusion in the determination of the amount that HAWC be allowed to increase its rates."); Order 24,937, p. 15 ("We will consider the remaining stipulation terms concerning the step adjustment to rates in Docket No. DW 08-065."); and Order 24,977, p. 1, paragraph 1, second-to-last sentence ("The step adjustment is to be considered in HAWC's pending general rate case, DW 08-065.").

The terms of the settlement agreement requiring transfer of the step adjustment issue to the pending rate case were extraordinarily important to the OCA. The OCA would not have agreed to settle the case without them.

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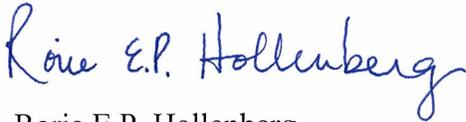


Although the settlement agreement does recommend a process for the Commission's review of the step adjustment, *see* Stipulation, p. 7, paragraph D.4 (e), these terms apply **only** "If for some reason the Commission's determinations in the general rate case, DW 08-065, are not final before the completion of construction of the interconnection" and if "HAWC renews its request for a step adjustment pursuant to this paragraph." Neither of these conditions has occurred (nor will they if the Commission approves the settlement agreement in DW 08-065).

In sum, I agree that the Stipulation memorializes an agreement between Staff and the Company about the process for the Commission's review of the step adjustment **if** it became necessary for the step adjustment to be reconsidered in DW 08-088 (because of delays in DW 08-065). However, the stipulation does not request "Commission authorization for a step adjustment to HAWC's rates upon completion of the project, subject to Commission review and audit." Accordingly, I respectfully request that the Commission correct Order 24,977 by removing the incorrect statement to that effect.

I appreciate consideration of our request. As always, please do not hesitate to contact me if you need more information.

Respectfully,



Rorie E.P. Hollenberg
Staff Attorney

cc: Service List via electronic mail