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June 22, 2011

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



Re: DA 11-029 West Swanze Water Company, Inc.  
Staff Recommendation on Affiliate Agreement with Sarah Brown

Dear Ms. Howland:

On December 29, 2010, Commission Staff and West Swanze Water Company, Inc. (WSWC) filed a settlement agreement (the rate case agreement) with the Commission in Docket No. DW 10-159, WSWC's rate case. WSWC is a regulated public utility serving about 75 customers in the Town of Swanze. Among the provisions of the rate case agreement, WSWC agreed to file revised affiliate agreements with Sarah Brown, the utility's owner, pursuant to RSA 366. WSWC filed those revised affiliate agreements on January 4, 2011, and the Commission assigned Docket No. DA 11-029 to the filing.

The first affiliate agreement deals with management services to be provided by Ms. Brown. Those management services are to include executive duties, operational duties such as the hiring of qualified field personnel, customer relations, acquisition of financing, purchasing, coordination of repairs and replacements, and other general duties. Consideration under this agreement is an annual payment of \$10,000.

The second agreement relates to administrative duties such as meter reading, billing, collections, reporting and record keeping, water testing, and compliance with regulatory authorities. Consideration under this agreement is an annual payment of \$6,600.

The third agreement relates to a lease of office space and for use of telephone, fax, copier, and computer equipment, and filing cabinets and office supplies. This agreement calls for WSWC to make a payment of \$200 per month.

The rate case agreement was presented to the Commission at hearing on January 4, 2011, and the Commission approved it by Order No. 25,203 dated March 15, 2011. Costs provided for in the revised affiliate agreements were included in the revenue requirement stipulated in the rate case agreement and approved by the Commission. As testified at the January 4 hearing (Tr. at 11, 12), Staff reviewed the costs proposed to be included in the revised affiliate agreements and agreed that those costs were reasonable. Staff's opinion on this matter has not changed.

Since the costs contained in the affiliate agreements have been reviewed by Staff and accepted by the Commission in its approval of the rate case settlement in DW 10-159, Staff recommends the Commission accept the filing of the revised affiliate agreements between WSWC and Ms. Brown and close this docket.

If you have any questions regarding this matter, please let me know.

Sincerely,



Mark A. Naylor  
Director, Gas & Water Division

cc: Service list