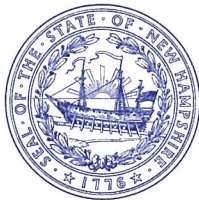


THE STATE OF NEW HAMPSHIRE

CHAIRMAN
Amy L. Ignatius

COMMISSIONERS
Michael D. Harrington
Robert R. Scott

EXECUTIVE DIRECTOR
Debra A. Howland



PUBLIC UTILITIES COMMISSION

21 S. Fruit Street, Suite 10
Concord, N.H. 03301-2429

TDD Access: Relay NH
1-800-735-2964

Tel. (603) 271-2431

FAX (603) 271-3878

Website:
www.puc.nh.gov

May 23, 2012

Debra A. Howland, Executive Director
N.H. Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

Re: DW 11-242 Lower Bartlett Water Precinct
Request for Franchise Expansion
Staff Update on Rates to be Charged



Dear Ms. Howland:

On November 18, 2011, by Order No. 25,290, the Commission approved Lower Bartlett Water Precinct's request to expand its franchise into additional areas beyond its corporate boundary. This franchise expansion is an effort to provide water service to an area known as the Cow Hill development in the Town of Bartlett. Tropical Storm Irene caused major damage to roads and water mains owned by the Cow Hill homeowners association, and the homeowners voted in September 2011 to obtain water from Lower Bartlett Water Precinct and to turn the water system over to the precinct. The precinct was able to secure State Revolving Loan Funds to finance the water main extension. At the time of its franchise request, Lower Bartlett Water Precinct intended to charge customers in the new franchise area the same rates it charges to customers located within its corporate boundary.

As the Commission noted in its order, pursuant to RSA 362:4, III-a, a municipal corporation furnishing water service outside its municipal boundaries shall not be considered a regulated public utility if it serves new customers at a rate no higher than 15 percent above that charged to its municipal customers. Order No. 25,290 encouraged the precinct to consult with Staff in the event it sought to charge a rate premium. Lower Bartlett Water Precinct has recently informed Staff that it has decided to add the 15 percent rate premium to the rates of all customers to be served by the main extension. The 15 percent premium, or surcharge, would be in addition to the other charges inside customers pay; the 15 percent premium would be the only difference between the rates.

Staff wishes to note that the precinct currently serves other customers outside its municipal boundaries; however, it has not elected to charge those outside customers a 15 percent premium. Additionally, it is Staff's position that since the precinct has charged its existing outside customers rates equivalent to its inside customers, it cannot now change the rates for

Docket No. DW 11-242

May 23, 2012

Page 2 of 2

those outside customers to include a premium since those customers are not "new" and RSA 362:4, III-a only authorizes the rate premium for new customers.

On November 15, 2011, Staff filed a letter with the Commission recommending the Commission approve the precinct's request. The precinct's decision to change the rate to include a 15 percent surcharge for the new customers does not change Staff's recommendation. RSA 362:4, III-a authorizes such a surcharge. The precinct plans to impose the surcharge on the customer class authorized by the statute. Staff believes the precinct still retains its exemption from rate regulation pursuant to RSA Chapter 362. For these reasons, Staff recommends the Commission issue either an amended order or a secretarial letter acknowledging the change in the proposed rate and that notwithstanding the change, the franchise approval given in Order No. 25,290 is still in effect and that the precinct still remains exempt from regulation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark A. Naylor", with a stylized flourish at the end.

Mark A. Naylor
Director, Gas & Water Division

cc: Docket-Related Service List