

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: May 29, 2009

AT (OFFICE): NHPUC

FROM: James Schuler, Examiner

SUBJECT: Hampstead Area Water Co., Inc.
DW 08-065
Step Adjustment – Plant in Service and Ice Storm Costs
Final Audit Report

TO: Mark Naylor, Director of Water and Gas Division
Jayson Laflamme, Utility Analyst

ORIGINAL	
N.H.P.U.C. Case No.	DW 08-065
Exhibit No.	#6
Witness	Panel #2
DO NOT REMOVE FROM FILE	

HAMPSTEAD AREA WATER COMPANY STEP ADJUSTMENT

Scope of Plant Audit

The PUC Audit Staff (Audit) reviewed Hampstead Area Water Company's 2008 additions to plant and 2008 ice storm related costs for the step adjustment. Audit reviewed the CPRs, invoices and labor records. Total plant additions were \$61,249 and total additions to deferred debits were \$44,804. The total amount of the step adjustment reviewed was \$106,053.

Plant Additions

Account 311 – Pumping Equipment, \$18,324

Audit traced a total of seven pumps added to the CPRs back to Lewis Builder's invoices and their labor and material records. Pumps were added to Bricket's Mill, Bryant Woods, Jameson Ridge and Settler's Ridge developments totaling \$14,414.42. The Company retired a total of seven pumps with two pumps fully depreciated. The new pumps are being depreciated at a rate of 10% and ½-year convention was used in 2008. Overhead charged by Lewis Builders on materials was 21%.

Also charged to account 311 was the SCADA addition totaling \$3,910. This addition was for the Cranberry Meadows development. All documentation for the additions agreed to the filing with no exceptions.

Account 320 – Water Treatment Equipment, \$14,448

Audit traced the addition of a filter installed in the Rainbow Ridge development totaling \$14,448.04. Audit reviewed the CPRs, invoices and labor records with no exceptions. The filter is being depreciated at a rate of 3.60%. Overhead charged by Lewis Builders on materials was 21%. There was no retirement related to the addition.

Account 331 – Transmission and Distribution Mains, \$28,476

Sampling stations totaling \$17,177.44 were added to thirteen developments in the core system, the Atkinson systems and the satellite systems. Audit reviewed the CPRs, invoices and labor records with no exceptions. Overhead charged by Lewis Builders on materials was 21%.

A Pressure Reducing Station was added by Lewis Builders to the Walnut Ridge pump station at Sawyer and Mediation Lane. Audit reviewed the Lewis Builder's invoice with support totaling \$11,298.74.

Miscellaneous Deferred Debit Additions

Dearborn Ridge Well, \$21,927

The Company installed a new well at the Dearborn Ridge Road pump house totaling \$25,583. An invoice dated 7/19/07 for the drilling amounted to \$7,312, pump and site work which included Lewis Builder's labor and equipment from 2007 and 2008 totaled \$15,271 and flow testing in February 2008 and again in April 2008 totaled \$3,000. Audit reviewed the CPRs, invoices and labor records with no exceptions. The Company is seeking to defer only \$21,927 as some costs came in after the filing.

2008 Ice Storm Costs, \$22,877

In-house payroll for the week totaled \$3,670.74. Lewis Builders and other outside vendor's cost totaled \$19,206.16. Audit reviewed the CPRs, invoices for generator rental, labor records for transport, fuel, labor for generator hook-ups and debris removal from pump stations and found no exceptions.

CONTRIBUTIONS IN AID OF CONSTRUCTION

There were no Contributions in Aid of Construction related to the Step adjustment projects.

Summary:

Additions to Plant	\$61,249
Additions to Deferred debits	<u>\$44,804</u>
Total	\$106,053

Total costs audited by the PUC for the Step Adjustment is \$106,053.

