

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 17-118

HAMPSTEAD AREA WATER COMPANY, INC.

Petition for Change in Rates

Order Suspending Tariff and Establishing Prehearing Conference

ORDER NO. 26,061

October 5, 2017

This order suspends a proposed tariff filed by Hampstead Area Water Company, Inc., pending further investigation and schedules a prehearing conference for October 31, 2017. The proposed tariff would raise the Company's rates by 17 percent.

On July 11, 2017, Hampstead Area Water Company, Inc. (HAWC), filed a notice of intent to file rate schedules. On September 7, 2017, the Company filed a petition for a permanent rate increase and step adjustment pursuant to RSA 378:3 and RSA 378:27. HAWC is a New Hampshire corporation and regulated water utility that provides service to approximately 3,600 customers in the towns of Atkinson, Chester, Danville, East Kingston, Fremont, Hampstead, Kingston, Newton, Nottingham, Plaistow, Salem and Sandown. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2017/17-118.html>

HAWC seeks an overall permanent increase in its water revenues of \$223,672, and proposes a step adjustment of an additional \$64,638. If both the permanent rate increase and step increase are approved, the average residential customer will see an increase of \$81.60 per year resulting in an average annual bill of \$557.01.

The step adjustment is to recover HAWC's investment in system improvements and plant additions related, in part, to the Wells Village service area in Sandown. That franchise area was approved in Docket No. DW 16-825, Order No. 25,979 (January 23, 2017). HAWC used a test year for the twelve months ending December 31, 2016. The proposed step increase is based on capital improvements that, if approved, will be used and useful as of the end of 2017.

HAWC proposes an overall rate of return of 6.42 percent based on a cost of equity of 11.60 percent and a cost of debt of 3.46 percent. HAWC is considering hiring a cost of equity expert to look at the appropriate cost of equity.

HAWC states that the requested permanent rate increase is necessary due to continued infrastructure improvements made to the system since its last rate case, including additions to its franchise area and the acquisition of satellite systems, and requested that its permanent revenue increase be effective as of October 5, 2017. Further, in the event the Commission suspends the requested permanent rates, HAWC is requesting temporary rates while the rate case is pending.

The filing raises issues relating *inter alia* to RSA 374:2, RSA 378:7, and 378:27-:28 and the justness and reasonableness of HAWC's proposed rates and charges; the proposed operating expenses; pro-forma adjustments; rate of return; the proposed rate base; and the prudence and used and usefulness of the Company's plant and equipment.

The increases requested by HAWC require a full investigation, and thus suspension of the tariff under RSA 378:6, I(a) is appropriate. Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that Hampstead Area Water Company, Inc.'s, NHPUC No. 3 Tariff for Water Service – Original Page 34 is hereby suspended; and it is

FURTHER ORDERED, that a Prehearing Conference, pursuant to N.H. Code Admin. Rules Puc 203.15 be held before the Commission located at 21 S. Fruit Street, Suite 10, Concord, New Hampshire, on October 31, 2017, at 11:00 A.M., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Code Admin. Rules Puc 203.15 shall be considered; and it is


FURTHER ORDERED, that immediately following the Prehearing Conference, Hampstead Area Water Company, Inc., Staff of the Commission, and any Intervenors hold a Technical Session to review the petition and allow Hampstead Area Water Company, Inc., to provide any amendments or updates to its filing and to consider a proposed procedural schedule to govern the remainder of the proceedings in this docket; and it is


FURTHER ORDERED, that pursuant to N.H. Code Admin Rules Puc 203.12, Hampstead Area Water Company, Inc., shall notify all persons desiring to be heard in this matter by mailing a copy of this Order no later than October 17, 2017, to all current and known prospective customers by first class mail, postage prepaid, postmarked no later than October 17, 2017, and documented by affidavit filed with the Commission on or before October 30, 2017; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.17, any person seeking to intervene in the proceeding shall submit to the Commission seven copies of a petition to intervene with copies sent to Hampstead Area Water Company, Inc., and the Office of the Consumer Advocate on or before October 27, 2017, such petition stating the facts demonstrating how its rights, duties, privileges, immunities, or other substantial interests may be affected by this proceeding; and it is

FURTHER ORDERED, that any party objecting to a petition to intervene make said objection on or before October 31, 2017.

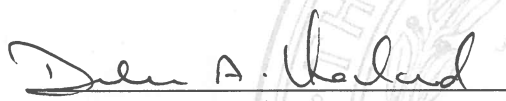
By order of the Public Utilities Commission of New Hampshire this fifth day of October, 2017.


Martin P. Honigberg
Chairman


Kathryn M. Bailey
Commissioner


Michael S. Giaimo
Commissioner

Attested by:


Debra A. Howland
Executive Director



SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:** DEBRA A HOWLAND
EXEC DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**