

DW 01-196

ROLLING RIDGE WATER SYSTEM

Receivership Proceedings

Order Postponing Termination of Receivership and Authorizing Customer Billing

ORDER NO. 24,642

June 30, 2006

I. BACKGROUND

Rolling Ridge Water System (Rolling Ridge) is a public utility that provides water service to approximately 30 customers in part of Bartlett, New Hampshire. Rolling Ridge has been in receivership pursuant to RSA 374:47-a since 2001. A complete procedural history of this docket is contained in Order No. 24,474 (June 16, 2005) and Order No. 24,517 (September 20, 2005).

On September 20, 2005, the New Hampshire Public Utilities Commission (Commission) issued Order No. 24,517 and determined that “ownership [of Rolling Ridge] through an organized homeowners group with the legal standing to address long-term solutions to water supply appears to be the only feasible option at this time.” The Commission stated it would engage the services of an attorney on behalf of the system and its customers to resolve the legal issues surrounding ownership of the water system. The Commission also stated that it did not intend to leave the homeowners, many of whom are seasonal residents, without adequate time to organize formally and move ahead with acquisition. Accordingly, the Commission established June 30, 2006, as the conclusion of the receivership.

On March 6, 2006, the Law Offices of Thomas E. Dewhurst, III, PLLC responded to the Commission’s request for proposals to provide legal work to resolve the title issues surrounding

ownership of the water system. A contract with Mr. Dewhurst is in the process of being finalized.

On June 27, 2006, Commission Staff (Staff) filed a letter requesting that the Commission authorize a three-month billing covering the period April through June 2006 in the amount of \$251.24 per customer. This amount represents three months of service, in the amount of \$101.24, and a continued surcharge of \$150 per customer to recover expenses of LRW Water Services, Inc. (LRW), the entity that has been operating the Rolling Ridge water system during this receivership. Staff stated that it is awaiting an updated accounting from LRW, but that the previous accounting left no doubt that additional revenues are needed to fully repay LRW. Staff also noted that funds would need to be collected from customers to pay for the legal work described in Order No. 24,517.

On June 29, 2006, Staff and the Rolling Ridge Water Association (the Association) filed a motion requesting that the Commission postpone the termination of Rolling Ridge's receivership until September 30, 2006, to allow the Association time to take over operation of the water system. In support of the motion, the Association states that it filed Articles of Agreement, dated April 10, 2006, with the Secretary of State's office and that the Association had formed for the expressed purpose of providing quality water service to its members. The Articles of Agreement were attached to the motion. The Association also stated that it was in the process of drafting bylaws to manage its organization and that it was applying for grant funds through New Hampshire's Public Water System Interconnection and Groundwater Investigation (SIGI) Grant program. The Association expects to utilize these funds in its efforts to make certain improvements to the present water system and also to construct an interconnection with

an adjacent water system. Staff and the Association further stated that the title work to determine ownership of the water system had yet to be completed.

II. COMMISSION ANALYSIS

RSA 374:47-a authorizes us to direct such temporary action as is necessary to assure continued service by a utility subject to a receivership. In the exercise of this authority, we have reviewed Staff's recommendation letter and the joint motion and agree it is appropriate to authorize LRW to issue customer bills and postpone the termination of receivership as temporary measures necessary to assure continued service.

We recognized in Order No. 24,582 (January 27, 2006) that delays in billing could exacerbate recovery of additional expenses associated with this receivership. According to Staff's recommendation letter, LRW's previous accounting left no doubt that additional revenues would need to be collected to fully repay LRW. Additionally, we note that the cost of Mr. Dewhurst's services in connection with his contract with the Commission must eventually be accounted for and billed to customers. In light of the amounts owed LRW and anticipated future expenses, we find it reasonable to approve the second quarter billing.

Accordingly, we authorize LRW to issue bills to Rolling Ridge customers, as soon as possible, in the amount of \$251.24. We further direct LRW to provide an explanation of the amount shown on each bill. This explanation should state that the bill amount has been authorized by the Commission; that this bill is for water service for the period April 1 through June 30, 2006; that a surcharge has been added to continue to reduce the deficit in what is owed LRW for services during receivership; and that the Commission intends to perform a final reconciliation of all receipts and expenses for the receivership in a final billing prior to the

termination of the receivership.

In Order No. 24,517, we established a June 30th termination date to provide the Association with time to organize formally and proceed with the acquisition. We recognize the complexity of the organizational and legal issues (particularly those related to clearing title to the utility's property) that must be resolved. We commend the Association for its efforts thus far and we find it reasonable to afford the Association until September 30, 2006, to complete its formation and acquire the system. We find postponing termination of the receivership until September 30, 2006 to be consistent with RSA 374:47-a.

Based upon the foregoing, it is hereby

ORDERED, that LRW Water Services, Inc. is authorized to issue bills as soon as possible in the amount of \$251.24 to all Rolling Ridge customers, as outlined earlier in this order; and it is

FURTHER ORDERED, that LRW provide customers with an explanation of the amount shown on each customer bill, as detailed above; and it is

FURTHER ORDERED, that Rolling Ridge Water System continue to be subject to receivership pursuant to RSA 374:47-a through September 30, 2006.

By order of the Public Utilities Commission of New Hampshire this thirtieth day of June,
2006.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Clifton C. Below
Commissioner

Attested by:

Kimberly Nolin Smith
Assistant Secretary