

**DW 01-196**

**ROLLING RIDGE WATER SYSTEM**

**Receivership Proceedings**

**Order Approving Final Receivership Billing and  
Approving Tariff for Rolling Ridge Water Association**

**ORDER NO. 24,748**

**May 4, 2007**

This matter involves Rolling Ridge Water System, a water utility serving approximately 31 customers in Bartlett that has been in receivership pursuant to RSA 374:47-a since October 4, 2001. On December 8, 2006, in Order No. 24,707, the New Hampshire Public Utilities Commission (Commission) approved the transfer of Rolling Ridge to the Rolling Ridge Water Association effective December 12, 2006, thus concluding the utility's operations in receivership status. This order concerns the winding down of the financial affairs of the utility and approves a final billing to reconcile the expenses and revenues of the receivership period. Also approved is the tariff proposed by the association for its service to customers as of December 12, 2006.

Relevant background on the receivership appears in Order No. 24,517, Rolling Ridge Water System, 90 NH PUC 403 (2005). In approving the transfer of the utility to the association, the Commission determined that upon transfer the association would be a public utility subject to Commission jurisdiction because the association will serve some customers who are not currently its members. The Commission directed Staff to work with the association to prepare an appropriate tariff to govern the provision of water service, and anticipated a Staff recommendation on final billing. This latter issue also involved resolution of whether customers now using private wells would be responsible for past water charges.

On April 16, 2007, Staff filed a letter addressing the remaining receivership issues. With respect to the number of customers responsible for billing, Staff stated that original approval of the Rolling Ridge subdivision by the Department of Environmental Services (DES) was conditioned upon a public water system. In light of this requirement, Staff concluded that although some customers have installed private wells, all customers were required to take water from the system as a condition of the subdivision. In addition, Staff noted that the water system cannot physically supply water to three customers due to the elevation of their parcels. Staff therefore recommended that the receiver not bill these customers. Staff stated that the association does not plan to bill these customers until the system is upgraded and can provide water to them. Staff recommended that the remaining balances allocable to these three customers, \$1,260, be allocated to all other customers so as to reconcile the receivership-related expenses with billable revenues.

Staff reported that the Audit Staff had reviewed expenses and revenues for the receivership period and that Staff had reviewed the final costs related to the legal work for title research necessary to transfer the utility's assets to the association. Staff concluded the final cost for legal work was \$8,708.54; total billings to customers for the receivership period were \$103,860; and that total expenses, exclusive of legal work, were \$102,850, which left a final amount to be billed of \$8,959. Staff recommended this amount be billed to 28 customers (31 total customers less the three customers that currently cannot be served), in the amount of \$319.96 per customer. Lastly, Staff recommended the Commission's business office issue the final bills in an effort to avoid additional charges from the water system operator, LRW Water Services, Inc. (LRW) related to the billing. Staff suggested that the Commission's final bill also

notify customers that past due balances should still be paid to LRW and that non-payment of any amounts due will be referred to the New Hampshire Attorney General's office.

With respect to the proposed tariff, Staff recommended approval. The tariff includes a quarterly water service charge of \$139.50, or \$558 annually, to be applied to 28 customers who are taking or could take service from the system, but not to the three customers who are unable to receive service. The tariff includes charges for service calls (\$75 minimum with an hourly labor rate of \$55), service connections (\$50), and bad checks (\$5 or actual administrative costs).

The tariff also includes two temporary surcharges to be collected from all 31 customers comprising the original franchise. The first surcharge, in Supplement No. 1 to the tariff, is for recovery of legal expenses associated with forming the Association and receiving the franchise, in the amount of \$155.58 per customer per quarter for three quarters. The other temporary surcharge, in Supplement No. 2, is for anticipated expenses associated with engineering a water supply connection with the Bartlett Village Water Precinct. This surcharge is in the amount of \$48.39 per customer per quarter for four quarters. Staff reviewed the basis for the legal and engineering surcharges and concluded they were necessary and justified. Finally, with respect to the three customers temporarily without water service, the tariff contains a separate quarterly fee of \$53.57 for anticipated legal costs, which are expected to be significant for the near term because of the Association's need to negotiate a wholesale water supply arrangement with the Bartlett Village Water Precinct and to negotiate a cost sharing agreement with a neighboring developer. It is also expected that the Association's law firm will provide other services in the nature of administrative support. Staff noted that it understood that the \$139.50 water service charge to the other 28 customers already had legal costs embedded in it.

After reviewing these charges, we find them to be just, reasonable and lawful as required by RSA 378:7. The Association has incurred costs associated with its formation, the acquisition of the water system, and an investigation into other water source options for the benefit of all potential customers within the franchise. The rate design, in particular the different rates for customers who can receive service and those who cannot, is likewise consistent with RSA 378:7. With respect to the customers who appear to have discontinued service in favor of private wells, we note that unless or until they demonstrate, pursuant to RSA 362:4, IV(a), “the ability to comply with the requirements of RSA 485-A:29 and RSA 485-A:30-b,” they shall be treated in the same manner as customers actually receiving water service.

With respect to the final billing of the reconciled expenses associated with the receivership, we approve the \$319.96 charge to the 28 customers within the franchise capable of receiving service. These are service-related costs properly recovered from customers who either received service during the receivership, or who have not demonstrated a legal right to terminate service. Because the amount of this billing is not insignificant, we will permit customers to pay this amount in up to three installments over a 90-day period beginning with the date of the bill. We believe Staff’s recommendation for a final billing to be issued by the Commission is appropriate to avoid incurring additional costs. We therefore authorize this billing to proceed by our business office.

**Based upon the foregoing, it is hereby**

**ORDERED**, that a final billing be issued by the Commission’s business office in the amount of \$319.96 to the 28 customers as set forth more fully above, such amount to be paid in up to three installments at the customer’s discretion over a 90-day period beginning with the date of the billing; and it is

**FURTHER ORDERED**, that the Association's tariff with the changes as recommended by Staff is approved; and it is

**FURTHER ORDERED**, that the Association file its approved tariff within 20 business days of the date of this order.

By order of the Public Utilities Commission of New Hampshire this fourth day of May, 2007.

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Thomas B. Getz  
Chairman

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Graham J. Morrison  
Commissioner

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Clifton C. Below  
Commissioner

Attested by:

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Lori A. Normand  
Assistant Secretary