

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 08-088

HAMPSTEAD AREA WATER COMPANY, INC.

**Petition for Authority to Borrow Long Term Debt, to Construct Water System
Interconnection, Approval to Extend Franchise Area and for Step Rate Increase**

Order Approving Petition

ORDER NO. 24,937

February 6, 2009

APPEARANCES: Hampstead Area Water Company, Inc. by Robert C. Levine, Esq.; John M. Wolters, and Carol A. Grant, pro se; Town of Atkinson by Steven V. Angelo, Town Administrator; Office of the Consumer Advocate by Rorie E.P. Hollenberg, Esq., on behalf of residential ratepayers; and Commission Staff by Marcia A.B. Thunberg, Esq.

I. PROCEDURAL HISTORY

Hampstead Area Water Company, Inc. (HAWC) is a regulated public utility pursuant to RSA 362:2 and 362:4 and provides water service to approximately 2,700 customers in Atkinson, Hampstead, Nottingham, Danville, Sandown, Fremont, East Kingston, Kingston, Chester, Salem, and Plaistow. On June 27, 2008, HAWC filed a petition for authority to borrow long term debt pursuant to RSA 369, to extend its franchise area, and for a step increase in rates. HAWC's petition was accompanied by the direct testimony of Harold Morse, President of HAWC, and Stephen P. St. Cyr, a consultant to HAWC.

HAWC seeks to borrow \$1,100,885 from the State Revolving Loan Fund (SRF) administered by the New Hampshire Department of Environmental Services (DES). Terms and conditions of the borrowing include a 20 year amortization, an interest rate of 3.488%, and payments of principal and interest monthly beginning 30 days from the date of closing. This interest rate was later amended to 4.2%. HAWC also seeks to increase its revenue requirement,

through a step increase mechanism to rates, to repay the SRF loan. The proceeds from the proposed financing would be used to fund the construction of an interconnection between HAWC's two core systems. The interconnection would consist of approximately 15,000 feet of 10" PVC water main along Route 121 in the Towns of Hampstead and Atkinson. HAWC states that DES supports this interconnection. According to HAWC, connecting the two core systems would provide stability and responsiveness to the two core systems both as to overall water supply and emergency supply. The interconnection would allow HAWC to access water resources in the two systems in times of drought by access to the water storage tanks in both systems.

HAWC also seeks to expand its franchise area to include the route of the proposed interconnection, as well as surrounding developed and undeveloped land totaling 1,185.41 acres. The interconnection project would proceed through a portion of the Town of Atkinson not presently within HAWC's franchise. HAWC states it would be for the public good to include this area in its franchise to potentially serve existing homeowners along the route as well as providing service to parcels of land that are developed or may be developed in the future.

On July 30, 2008, the Commission issued an order of notice and scheduled a prehearing conference and technical session for September 3, 2008. The Commission ordered that HAWC notify customers of the docket by publishing, no later than August 12, 2008, a copy of the order in a newspaper with general circulation in the franchise area. The Commission also ordered that HAWC provide a copy of the order to all current and known prospective customers as well as the town clerks for the Towns of Atkinson and Hampstead.

On August 8, 2008, the Office of the Consumer Advocate (OCA) filed notice of its intent to participate in this docket on behalf of residential ratepayers consistent with RSA 363:28. In

addition, the OCA filed a motion to consolidate HAWC's request for a step increase in this docket with its request for a permanent rate increase in Docket No. DW 08-065. HAWC objected to the OCA's motion on August 18, 2008. This motion was later withdrawn by OCA at the hearing on the merits held on November 4, 2008. Hearing Transcript of November 4, 2008 (11/4/08 Tr.) at 144 lines 6-10. On August 25, 2008, Carol A. Grant and John M. Wolters, residents of the Town of Atkinson filed a petition to intervene.

On September 2, 2008, HAWC objected to Ms. Grant and Mr. Wolters' petition to intervene. HAWC argued that the sole ground for their petition was a contention that HAWC will violate a Town of Atkinson ordinance banning the transportation of water beyond town boundaries. HAWC stated that enforcement of such a local ordinance was not within the Commission's jurisdiction. HAWC further questioned Ms. Grant and Mr. Wolters' interest in the proceeding since neither Ms. Grant nor Mr. Wolters are customers of HAWC, nor do they reside along the proposed franchise route.

On September 2, 2008, HAWC filed revised schedules to reflect HAWC's receipt of a New Hampshire Water System Interconnection Grant from DES in the amount of \$312,840.00. The Governor and Executive Council approved the grant on December 11, 2007. The grant is intended to assist HAWC with making its loan payments to the SRF program and, according to HAWC, the grant lowered its requested annual additional revenue requirement from \$85,340.00 to \$69,976.00. HAWC proposed that the step adjustment take place after it has completed construction of the interconnection.

On September 3, 2008, the Commission held a prehearing conference, during which, the Commission requested Staff and the parties to obtain information from DES on the SRF program and, in particular, on whether Commission approval of the proposed step increase was necessary

before DES would approve HAWC's SRF loan. The Commission received a letter from DES on October 17, 2008 stating that it assumes the New Hampshire Business Finance Authority will approve HAWC's SRF financing request, as it did in 2005, based upon HAWC having received Commission authority to increase its rates to cover the cost of the SRF project and on a loan guarantee from the owner of HAWC.

After the prehearing, Staff and the parties met in a technical session and developed a proposed procedural schedule. The Commission approved the schedule, as well as the intervention requests, by secretarial letter on September 22, 2008.

On October 6, 2008, HAWC filed a motion to amend its petition to request authority to impose rates in the proposed franchise area. On October 14, 2008, Staff filed a letter stating that it believed customers have already been noticed that rates would apply to the proposed franchise area and recommended the Commission not require additional notice of the amendment. On October 14, 2008, the Town of Atkinson filed a petition for late intervention and the Commission approved the Town's petition by secretarial letter on October 31, 2008.

Pursuant to the approved procedural schedule, on October 22, 2008, John M. Wolters and William M. Bennett filed testimony; Carol A. Grant filed testimony; and HAWC, Staff, and OCA filed a stipulation agreement. On October 22, 2008, the Town of Atkinson filed a letter notifying the Commission that it had scheduled a public meeting with HAWC for October 30, 2008 to discuss the proposed interconnection project and whether it is in the public good.

On November 4, 2008, the Commission held a hearing on the merits. On November 10, 2008, the Town of Atkinson filed a letter with the Commission stating that its attempts to meet with HAWC in a public meeting have been unsuccessful. Atkinson stated that its selectmen still seek a forum within which to receive replies to their concerns and requested the Commission

withhold rendering its decision until HAWC meets with the selectmen in a public session. The Commission has received no further correspondence from the town. On November 18, 2008, William M. Bennett, a witness presented by Mr. Wolters at hearing, filed corrected prefiled direct testimony.

II. POSITIONS OF THE PARTIES AND STAFF

A. Hampstead Area Water Company, Inc.; Staff; and Office of the Consumer Advocate

The positions of HAWC, Staff, and OCA are set forth in the stipulation agreement, which is summarized below.

B. Carol A. Grant

Ms. Grant questioned whether HAWC's interconnection is necessary to provide fire protection within Atkinson and Hampstead. Ms. Grant stated that her conversations with the fire chiefs of Atkinson and Hampstead revealed that neither chief anticipates a future need for one town to provide water to the other town for fire protection. Ms. Grant stated that both towns have adequate water resources to satisfy their own needs in the event of a fire emergency. Ms. Grant also stated that HAWC's movement of water out of the Town of Atkinson violates a local town ordinance prohibiting such transfers. 11/4/08 Tr. at 148 lines 1-6. Finally, Ms. Grant expressed concern over HAWC's water losses and HAWC's apparent inattention to the problem. In her opinion, HAWC should address the lost water issue before expanding its franchise to transport Atkinson's water out of town. 11/4/08 Tr. at 148 lines 7-24.

C. John M. Wolters

Mr. Wolters contended that granting HAWC's petition is not for the public good because: 1) HAWC did not request a hearing before the town officials; 2) HAWC by-passed town officials by not applying to the planning board for site approval; and 3) HAWC ignored the

ordinance passed by town residents in September 2007 banning the sale or transport of Atkinson ground water outside of the town. In addition, Mr. Wolters claimed HAWC misrepresented the estimate of new customers who would be served by the project. Although HAWC stated it would serve 65 new customers from January 2007 to June 2008, there was a net increase of only 6 customers. In Mr. Wolters' view, the current economic environment does not give much credence to HAWC's projected 380 new hook-ups. Mr. Wolters believes HAWC used projection of 380 new customer to justify significant water losses. Mr. Wolters reported that, according to HAWC's annual statement filed with the Commission, there was a 32% to 36% water loss, which exceeds DES's 15% water loss threshold. Mr. Wolters alleged that HAWC has made no attempt to locate the cause of the large amount of water losses and that this ineffective management demonstrates the project is not in the public good.

Mr. Wolters sponsored Mr. William M. Bennett as a witness and Mr. Bennett urged the Commission to find that the interconnection was not in the public interest. Mr. Bennett testified that the Atkinson water withdrawal control ordinance prohibits the export of groundwater from the Town of Atkinson. Mr. Bennett testified that the interconnection would provide HAWC with the means to violate the ordinance. Mr. Bennett testified the violation is compounded by the fact that HAWC has no provision for metering the quantity or direction of water flows through the interconnection. Mr. Bennett acknowledged that the legal enforceability of the ordinance may be in question. Mr. Bennett took issue with HAWC's contention that the interconnection would enhance HAWC's ability to provide safe and reliable drinking water to its customers.

Mr. Bennett expressed concern about HAWC's unaccounted-for water which he stated was approximately 33% and represents approximately 140,000 gallons per day, or 51 million gallons per year lost. Mr. Bennett stated that if the system leaks were fixed by HAWC, then the

Atkinson core system would have ample capacity to supply both normal peak and emergency demands. Finally, Mr. Bennett stated that the interconnection project was not for the public good since it is against the wishes of the majority of Atkinson voters who approved an ordinance making the transfer of water out of Atkinson illegal.

D. Town of Atkinson

Steven V. Angelo, Town Administrator for the Town of Atkinson, stated that the selectmen opposed HAWC's original franchise petition but that they are encouraged by HAWC's revised, smaller franchise proposal. 11/4/08 Tr. at 68 line 24 and at 69 line 1. Mr. Angelo expressed the selectmen's frustration at not being able to meet with HAWC in a public selectmen's meeting so that their concerns could be aired. Mr. Angelo stated the Town of Atkinson would like to take a position regarding HAWC's petition, but without answers to the selectmen's questions, it is unable to do so. 11/4/08 Tr. at 70 lines 13-19.

III. STIPULATION AGREEMENT

The agreement entered into by HAWC, Staff, and OCA is summarized as follows: Staff and HAWC agree that the design and construction of the interconnection serving the Hampstead and Atkinson core systems is a prudent means of providing adequate, safe, and reliable water service to those customers. The project as proposed represents prudent management and good utility practice. The OCA takes no position on this issue.

At hearing, HAWC testified that the interconnection would provide emergency back-up for the Atkinson and Hampstead core systems and would improve flushing capabilities. 11/4/08 Tr. at 14 lines 6-7 and at 15 lines 8-9. Staff testified that interconnections can enhance flushing, help with stagnant water problems, minimize loss of service during power outages, and improve fire flows. 11/4/08 Tr. at 33 lines 10-15, at 34 lines 2-6, and at 35 lines 6-7. Staff further

testified that a 2005 seacoast mutual aid study reviewed the feasibility of interconnecting seacoast water systems because of the benefits that can be gained. 11/4/08 Tr. at 37 lines 10-14. Staff also supported the project at this time because there is no guarantee that financing will be at such low rates in the future. 11/4/08 Tr. at 37 lines 15-17.

1. Staff, HAWC, and the OCA agree and recommend the Commission find that the rate, terms, and conditions of the proposed financing are reasonable and that the use of the proceeds is for the public good. Staff, HAWC, and OCA further recommend the Commission authorize HAWC to finance a sum up to \$1,100,885 for the interconnection project. HAWC agrees to submit the final terms of the financing to the Commission and the OCA as soon as they are available.

2. The Staff, HAWC, and the OCA agree and recommend the Commission allow consideration of HAWC's request for a step adjustment to be transferred to HAWC's pending general rate case, DW 08-065. In support of this request, HAWC states that the information required for the Commission's decision on the step adjustment will be available on or before the fall of 2009. HAWC agrees to submit a filing to the Commission and the OCA detailing the actual costs of the project, the return on the capital assets of the project, the depreciation expense, and the direct expenses to be recovered through the step increase. HAWC agrees to use its best efforts to provide the Commission, Staff, and the OCA with all relevant information required of it as expeditiously as possible.

3. In the event the Commission's determinations in the general rate case, DW 08-065, are not final before the completion of construction of the interconnection and HAWC's filing listed in paragraph 3, Staff, HAWC, and OCA recommend the Commission allow HAWC to make its

step adjustment filing outside of DW 08-065 and that the step adjustment requested be at the then prevailing rate.

4. Staff and HAWC agree and recommend that:

a. The step adjustment be reconciled with the Commission's final revenue requirement determination in the general rate case such that there will be no double recovery of any costs.

b. The additional revenues to be received from this step adjustment to the rate increase be based only on the interconnection project and if HAWC is able to connect new customers as a result of the interconnection, that the pro forma revenues from those new customers be considered in the calculation of the step adjustment.

c. The rate increase be effective on a service rendered basis on or after the date on which the relevant capital additions first provide service to the public.

d. The rate increase be calculated based upon the methodology set forth in Attachment A to the agreement, using the cost of debt capital for the financing for the particular capital improvements that are the subject of the increase.

e. The rate increase be contingent upon review and approval by the Commission of the costs actually incurred for the interconnection project to confirm that such costs are consistent with HAWC's petition or that any costs in excess thereof were prudently incurred.

5. Staff, HAWC, and OCA recommend HAWC be allowed to recover its prudent costs and expenses associated with this proceeding, in a manner and over a time period to be determined by the Commission.

6. Staff, HAWC, and OCA recommend that the stipulation agreement not be implemented in such a way that any rate increase resulting from the general rate case will reflect the costs of

the interconnection project if the effective date of the new permanent rates (or temporary rates, if applicable) is a date prior to the date the project is first placed into service to customers.

7. With respect to HAWC's request for franchise authority, HAWC testified at hearing that it was reducing its original franchise request to just that section of Atkinson as shown on Exh. 3 as section 11 and containing approximately 52.00 acres. This is less than the 1,185.41 acres originally requested. Staff testified that it supported HAWC's revised franchise request. 11/4/08 Tr. at 41 lines 8-24. OCA did not oppose the revised franchise request, stating that it was deferring to Staff, HAWC, and the Town of Atkinson to come to an agreement on the franchise area.

8. Staff, HAWC, and OCA agree and recommend the Commission authorize HAWC to charge its prevailing consolidated rate in the new franchise area.

IV. COMMISSION ANALYSIS

A. Franchise Expansion and Interconnection of Water Systems

HAWC seeks to extend its existing franchise to include customers along the route of the proposed interconnection. Pursuant to RSA 374:22, "[n]o person or business entity shall commence business as a public utility within this state...without first having obtained the permission and approval of the commission." The Commission shall grant requests for franchise authority and allow an entity to engage in the business of a public utility when it finds, after due hearing, that the exercise of the right, privilege, or franchise is for the public good. RSA 374:26. In determining whether a franchise is for the public good, the Commission assesses the managerial, technical, financial, and legal expertise of the petitioner. *See, Lower Bartlett Water Precinct*, 85 NH PUC 635, 641 (2000).

We note that HAWC and its predecessor, Walnut Ridge, have been operating water systems in New Hampshire for approximately 40 years. *See, Walnut Ridge Water Company, Inc.*, 62 NH PUC 190 (1977). HAWC has previously demonstrated that it possesses the requisite managerial, technical, and financial expertise to operate its various systems.¹

HAWC seeks permission to expand its existing system by interconnecting separate water systems in the Towns of Hampstead and Atkinson. Such utility expansions require Commission approval pursuant to RSA 374:5.

In opposition to the franchise and interconnection request, intervenors Ms. Grant and Mr. Wolters urge the Commission to find that the interconnection project is not in the public interest because the interconnection will enable HAWC to transfer water out of the Town of Atkinson in violation of the town's ordinance. The ordinance, as attached to Ms. Grant and Mr. Wolters' intervention petition, states that "[n]o corporation, syndicate, or business entity shall engage in water withdrawals and depletion from within the boundaries of the Town of Atkinson." Violations of the ordinance are considered criminal summary offenses and enforcement is in Superior Court either by the Atkinson Board of Selectmen or by any resident.

Although the ordinance was a topic of discussion at hearing and in pre-filed testimony, no party has established that HAWC has or will violate the ordinance. Further, Mr. Wolters' witness, Mr. William Bennett, stated in pre-filed testimony that the enforceability of the ordinance itself may be in question. Exh. 9 at 3. Evidence that a utility has violated a valid local ordinance may be relevant to the Commission's determination of whether a franchise or financed project is in the public interest, however, in this case we find that, based on the evidence and testimony presented, no such violation has been established as to HAWC.

¹ *Walnut Ridge Water Company, Inc.*, 62 NH PUC 190 (1977); *Bryant Woods Water Company, Inc.*, 73 NH PUC 465 (1988), *Walnut Ridge Water Company, Inc. and Bryant Woods Water Company, Inc.*, 75 NH PUC 740 (1990), *Hampstead Area Water Company, Inc.*, 87 NH PUC 259 (2002).

The intervenors, Ms. Grant and Mr. Wolters, argued that absent HAWC's lost water, the interconnection would not be necessary. Staff's engineer, Douglas Brogan, disagreed and testified that the accuracy of HAWC's lost water data relied upon by the intervenors is questionable. Mr. Brogan stated that HAWC's metered consumption data is based on non-corresponding quarterly readings requiring HAWC to adjust the data. 11/4/08 Tr. at 44 lines 17-24 and at 45 lines 1-4. For example, HAWC reported that its 2006 lost water for the Atkinson core system was 36.5% and that it had 1.7% lost water for its Hampstead core system. 11/4/08 Tr. at 44 lines 10-16. Staff stated that this data was not realistic. *Id.* Staff testified that HAWC has attempted to factor out back-flushing, but it has not backed out fire uses. 11/4/08 Tr. at 5-8.

Staff also testified that HAWC has agreed in its rate case, Docket No. DW 08-065, to report lost water on a monthly basis and to address the non-corresponding time intervals in production verses consumption in order to provide a clearer picture of the actual lost water amounts. 11/4/08 Tr. at 47 lines 1-5. Staff also noted that DES is working with HAWC to address the lost water issue and recently approved a conservation plan for HAWC. 11/4/08 Tr. at 46 lines 9-18. This evidence does not support a finding that HAWC has been inattentive to the lost water issue as Ms. Grant and Mr. Wolters contend.

With respect to RSA 374:22, III concerning compliance with DES requirements of water suitability and availability, HAWC testified that DES recommended HAWC pursue this project. Exh. 1 at 21. DES placed the project on its FY 2008 Priority Ranking list. Exh. 2 at 10. Also, in December 2007, the Governor and Executive Council approved a grant, in the amount of \$312,840, for this project under the Water System Interconnection Grant program administered by DES and authorized by RSA 486-A. Given this support and the fact that the interconnection

will increase the availability of water between the core systems, we find that HAWC has satisfied RSA 374:22, III regarding water suitability and availability.

The OCA does not oppose and Staff supports HAWC's revised franchise request of 52 acres, however, the Town of Atkinson states that while encouraged by this latest proposal, it has not taken a final position on the issue due to HAWC's failure to meet with the Town in a public forum. 11/4/08 Tr. at 70. We note that the Town of Atkinson was notified of this proceeding in August 2008 and had numerous opportunities during the discovery phase of this docket to question HAWC about the proposed interconnection. In this case, the Commission granted the Town of Atkinson's request for late intervention and afforded the town an opportunity to question HAWC during the hearing held on November 4, 2008. Additionally, on November 18, 2008, the Town of Atkinson requested that the Commission delay issuing its decision in this proceeding until its selectmen could meet with HAWC in a public session. Two months have passed since that request without further communication from the Town of Atkinson. In light of the opportunity to engage in discovery and to present evidence and argument at hearing, pursuant to RSA 541-A, we find that all parties were afforded adequate due process.

We find that HAWC possesses the requisite managerial, technical, and financial expertise to operate within the requested franchise. Based upon the record in this case, we find that HAWC's proposed interconnection and franchise request is for the public good and approve both. We note our approval is consistent with the actions of DES, and the Governor and Executive Council in providing financing and allowing this project go forward. As with prior franchise expansions, we will provide that any new customers served by HAWC in this new franchise area shall be subject to HAWC's consolidated rates in effect at the time HAWC commences service to those customers.

B. Financing Request

Pursuant to RSA 369:1, public utilities engaged in business in this State may issue evidences of indebtedness payable more than 12 months after the date thereof only if the Commission finds the proposed issuance to be “consistent with the public good.” The public good consideration involves looking beyond actual terms of the proposed financing to the use of the proceeds and the effect on rates to ensure that the public good is protected. *See Appeal of Easton*, 125 N.H. 205, 211 (1984).

HAWC intends to use the proceeds of the financing to construct an interconnection main between its Atkinson and Hampstead core systems. This interconnection is expected to allow HAWC to better provide safe and adequate service to its customers. We have approved the construction of the interconnection and, as noted above, this project was placed by DES on its FY 2008 priority list and has received an interconnection grant, approved by the Governor and Executive Council, to help defray the cost of the loan payments. The evidence does not support a finding that, absent HAWC’s lost water, the interconnection would not be necessary and we find that HAWC’s proposed use of the funds is reasonable and reflects HAWC’s prudent management of its water system. We conclude, therefore, that HAWC’s proposed use of the funds is consistent with the public good.

We now turn to the proposed terms of the financing and the potential impact on customer rates. Those terms require that HAWC repay \$1,100,885.00 over twenty years, with the assistance of a \$312,840.00 grant. The interest rate is expected to be just over 4.2%, rather than 3.488% as estimated in HAWC’s petition. 11/4/08 Tr. at 40 lines 5-7. These terms are similar to terms approved for other small water companies with the exception of the low interest rate,

which we agree is very reasonable. As Staff noted at hearing, some small water companies have not been able to obtain financing at such a low rate. 11/4/08 Tr. at 136 lines 3-10.

With respect to the rate impact, Staff calculated that this financing would require a rate increase of approximately 5.99%. We note, however, that Staff and the parties request we defer rendering a decision on the rate impact of this financing and instead consider the issue in HAWC's rate case, Docket No. DW 08-065. Factors such as revenues from additional customers along the interconnection route may lessen the step increase to rates ultimately sought by HAWC. Given the pendency of HAWC's rate case and the attendant review of HAWC's records, we find it reasonable to adopt Staff and the parties' recommendation and consider a possible step increase to rates in HAWC's rate case.

Thus, based on our review of the record, we find the proposed terms of the financing to be consistent with the public good and we will approve the financing. If the final terms and conditions of the financing vary materially from those described above, such new or modified terms and conditions shall be subject to additional Commission approval. We will consider the remaining stipulation terms concerning the step adjustment to rates in Docket No. DW 08-065.

Finally, with respect to Staff and the parties' recommendation that the Commission grant HAWC the right to recover prudent costs and expenses associated with this docket, we note that the Commission has historically viewed prudently incurred rate case expenses as a legitimate cost of business and thus appropriate for recovery through rates. *Lakes Region Water Company, Inc.*, Order No. 24,708, 91 N.H. PUC 586, 587 (2006). *See also*, RSA 365:8, X. To the extent that HAWC has incurred costs and expenses associated with pursuing a rate increase in this docket, we will allow HAWC to submit those costs for our review and consideration. We note that franchise expenses HAWC may have incurred in this docket are not recoverable as a

surcharge to general rates. The Commission will consider HAWC's filing and Staff and the parties' recommendations on HAWC's expenses related to the requested step increase at a later date.

Based upon the foregoing, it is hereby

ORDERED, that the stipulation agreement reached between Hampstead Area Water Company, Inc., Staff, and the Office of the Consumer Advocate is adopted and approved as described above; and it is

FURTHER ORDERED, that Hampstead Area Water Company, Inc.'s request to interconnect water systems in Hampstead and Atkinson and to expand its franchise to include approximately fifty-two acres in the Town of Atkinson, as described above, is hereby granted; and it is

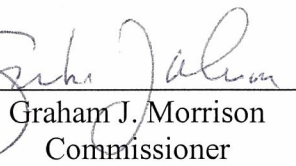
FURTHER ORDERED, that Hampstead Area Water Company, Inc. is authorized to charge its approved tariff rates in the above-described franchise area; and it is


FURTHER ORDERED, that subject to the effective date below, Hampstead Area Water Company, Inc.'s request to borrow up to \$1,100,885 from the State Revolving Loan Fund to finance the construction of an interconnection between the Town of Atkinson and Town of Hampstead and under the terms and conditions described above, is approved; and it is

FURTHER ORDERED, that Hampstead Area Water Company, Inc.'s request to increase its rates, through a step adjustment mechanism, to cover its payments obligations with respect to the SRF financing described herein will be considered in Docket No. DW 08-065.

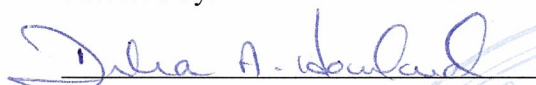
By order of the Public Utilities Commission of New Hampshire this sixth day of
February, 2009.

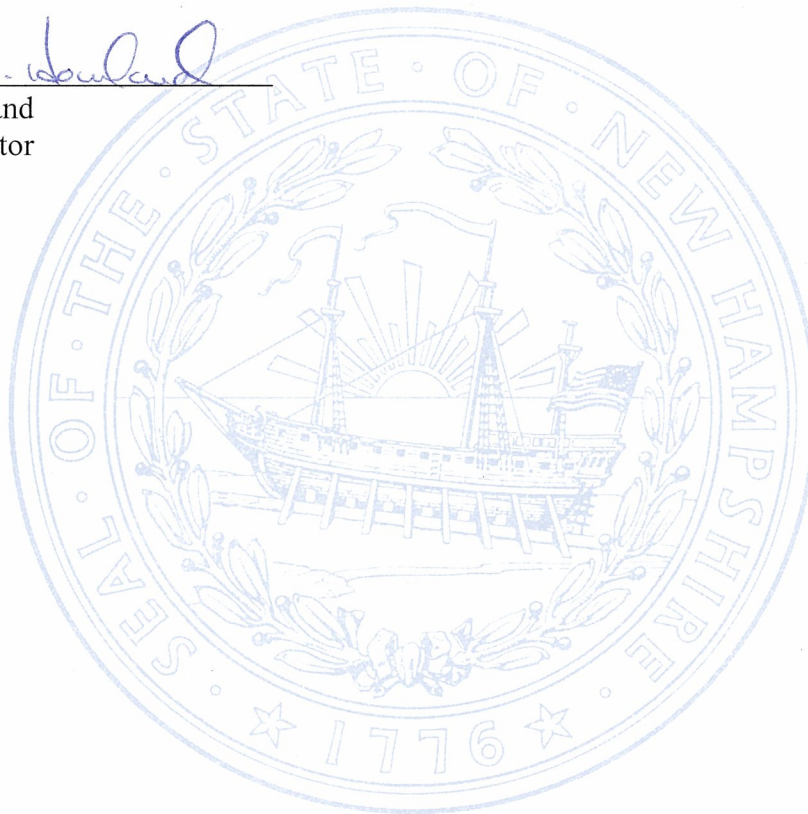

Thomas B. Getz
Chairman


Graham J. Morrison
Commissioner


Clifton C. Below
Commissioner

Attested by:


Debra A. Howland
Executive Director



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02/06/09 Order No. 24,937 issued and forwarded to all parties. Copies given to PUC Staff.

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Docket #: 08-088

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WITH THE EXCEPTION OF DISCOVERY, FILE 7 COPIES (INCLUDING COVER LETTER) TO:
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INTERESTED PARTIES
RECEIVE ORDERS, NOTICES OF HEARINGS ONLY