STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DW 10-217

TIOGA RIVER WATER COMPANY

Permanent Rate Increase Proceeding

Order Suspending Proposed Tariffs
and
Scheduling a Prehearing Conference

O R D E R N O. 25,169

November 15, 2010

Tioga River Water Company (Tioga or the Petitioner) is a regulated public utility that

provides water service to approximately 22 customers in the Town of Belmont and

approximately 38 customers in Tioga's Gilford Village Water District Division (GVWD) in the

town of Gilford. On August 16, 2010, Tioga filed a notice of intent to increase its rates in the

two Divisions as well as a Request for Waiver of certain filing requirements of N.H. Code

Admin. Rules Puc 1604.01. For its 22 customers in its Tioga division, the Petitioner proposes to

increase its revenues by $13,335, or 127%, to a total of $23,825 annually. The proposed revenue

increase for the Tioga division would result in a $606.14 per year ($151.53 per quarter) increase

to an average customer's bill, resulting in a total average annual bill of $1,082. For the GVWD,

the proposed annual revenue increase for the division is $19,295 or 147%. On a per unit average

basis, the proposed revenue increase would be $219.26 per year ($54.82 per quarter) for a total

annual bill of $368.36. Tioga has not requested approval of temporary rates for either division in

this proceeding. The proposed effective date for permanent rates in both divisions is January 1,

2011.

Tioga states that a waiver from the N.H. Code Admin. Rules Puc 1604.01 filing requirements is appropriate in that the reports or financial statements required by the rule are not produced, or do not apply to Tioga. The reports for which Tioga requested a waiver include but are not limited to: monthly and quarterly reports; internal financial statements; stockholder reports; advertising; cost of service studies; management and depreciation studies; expense reports; and Securities and Exchange Commission filings.

On October 15, 2010, Tioga filed its rate schedules pursuant to N.H. Code Admin. Rules Puc 1600 as well as materials supporting its proposed permanent rate increase. Tioga states in its petition that the permanent increases in rates are necessary in that the operating results for the test year ending October 31, 2009 for the Tioga division were a net operating loss of $986 and a net operating loss for the GVWD division of $7,683. In addition, the Petitioner states that both divisions received PUC approval to borrow American Recovery and Reinvestment Act of 2009 State Revolving Funds (SRF) to make improvements to the water systems. The increases in revenues will allow the Petitioner to repay the SRF loans for various system improvements, and allow the Petitioner to cover its operating expenses. Petitioner is also seeking the Commission's approval for certain loans from its owner and an affiliate for system improvements dating from the 2006-2008 period.

With respect to Petitioner's waiver request, we will grant the request insofar as Petitioner is a very small utility and does not produce the aforementioned information, reports or filings for which the waiver is requested. The orderly and efficient resolution of this proceeding will not be disrupted by the requested waiver inasmuch as the parties and Staff can avail themselves of the discovery process to obtain whatever information is needed to review Tioga's rate filing. In addition, Staff routinely conducts a financial audit of utilities requesting an increase in rates.

Staff will scrutinize all expenditures and revenues as well as the audit results as it does in any rate request.

This order and other filings in this docket, other than information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at: http://www.puc.nh.gov/Regulatory/Docket/2010/10-217.htm.

The filing raises, *inter alia*, issues related to: RSA 378:7 and RSA 378:27-28 and whether the proposed permanent rates are lawful, just, and reasonable; whether test year expenses and *pro forma* adjustments are reasonable; whether the calculation of rate base represents prudent investment in property that is used and useful in the provision of utility service; the appropriateness of the terms and conditions under which loans were entered into between the Petitioner and owner and the Petitioner and an affiliate for system improvements; the determination of a reasonable rate of return, including an appropriate capital structure; the suitability of consumption measurement and billing methodologies in the GVWD division and whether the level of revenues used for calculating the revenue requirement is reasonable.

Based on the foregoing, it is hereby

ORDERED, that TIOGA RIVER WATER COMPANY 4th Revised Page 5 and Gilford Village Water District 3rd Revised Page 7 are hereby suspended; and it is

FURTHER ORDERED, that a waiver of N.H. Code Admin. Rules Puc 1604.01 Rate Case Filing Requirements is hereby granted pursuant to Puc 201.05; and it is

FURTHER ORDERED, that a Prehearing Conference, pursuant to N.H. Code Admin. Rules Puc 203.15, be held before the New Hampshire Public Utilities Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on December 14, 2010 at 10:00 a.m. at which

each party and Staff will provide a preliminary summary of its positions with regard to the filing; and it is

FURTHER ORDERED, that immediately following the Prehearing Conference, Tioga, Staff, and any intervenors hold a technical session to review the issues and recommend a proposed procedural schedule for consideration of the issues raised by the filing; and it is
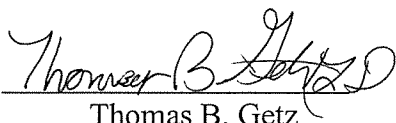
FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, Tioga notify all persons desiring to be heard at this hearing by providing a copy of this Order on or before November 30, 2010 to all current and known prospective customers by first class mail as well as mailing a copy of the Order to the town clerks for the Towns of Belmont and Gilford. Said mailings to be documented by affidavit filed with the Commission on or before December 14, 2010; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Tioga and the Office of the Consumer Advocate, on or before December 9, 2010, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, as required by N.H. Code Admin. Rules Puc 203.17 and RSA 541-A: 32, I (b); and it is
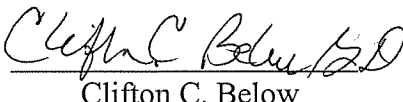
FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before December 14, 2010; and it is

FURTHER ORDERED, that, pursuant to N.H. Code Admin. Rules Puc 203.12(a)(5), each party has the right to have an attorney represent the party at the party's own expense;
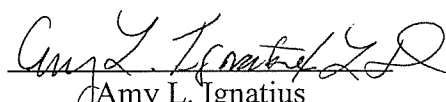
By order of the Public Utilities Commission of New Hampshire this fifteenth day of November, 2010.

(signature)
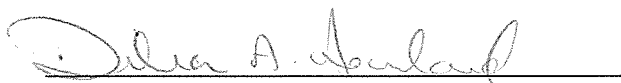Thomas B. Getz
Chairman

(signature)
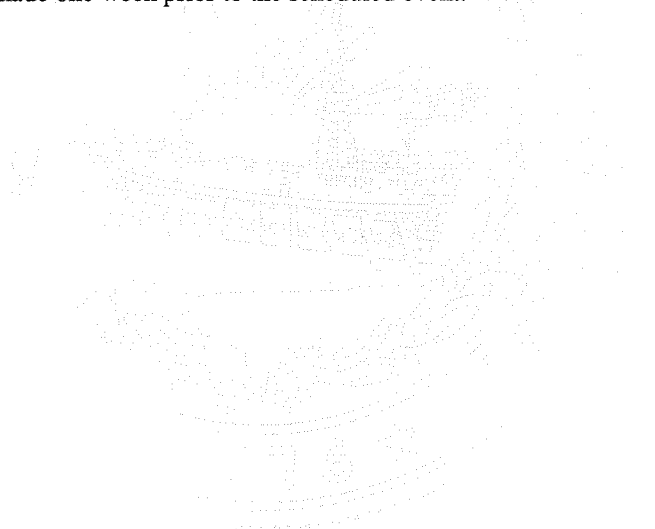Clifton C. Below
Commissioner

(signature)
Amy L. Ignatius
Commissioner

Attested by:

(signature)
Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

MEREDITH A HATFIELD
OFFICE OF CONSUMER ADVOCATE
21 SOUTH FRUIT ST STE 18
CONCORD NH 03301

STEPHEN P ST CYR
STEPHEN P ST CYR & ASSOC
17 SKY OAKS DR
BIDDEFORD ME 04005

Docket #: 10-217   Printed: November 15, 2010

FILING INSTRUCTIONS: PURSUANT TO N.H. ADMIN RULE PUC 203.02(a),

WITH THE EXCEPTION OF DISCOVERY, FILE 7 COPIES (INCLUDING COVER LETTER) TO:
DEBRA A HOWLAND
EXEC DIRECTOR & SECRETARY
NHPUC
21 SOUTH FRUIT STREET, SUITE 10
CONCORD NH 03301-2429